Weekend FT
Inside Section II
22 pages

The FT schools 500
The first detailed survey of the exam performance of independent schools shows many famous names far down the list and some surprises at the top. Page I

■ Full results in a 12-page supplement

BUDGET '92

■ On Wednesday: news, expert analysis and comment in a 20-page special section.
■ Next Saturday: what it all means for private investors, savers and borrowers, in the Weekend FT.

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Newspaper of the Year — Weekend March 7/March 8 1992 — D 8523A

WORLD NEWS

Turkey ready to block Armenian trade route

Turkish President Turgut Ozal said in an interview with the Financial Times that he was ready to block land-locked Armenia's only export route to the Black Sea to "scare the Armenians" into abandoning their fight with Azerbaijan for the enclave of Nagorno-Karabakh.

His move threatens to extend the conflict beyond the borders of the former Soviet Union.

Meanwhile, Azeri president Ayaz Mutalibov gave way to nationalists furious about his handling of the conflict and resigned. Page 22

BCCI writs issued
Writs were issued in the UK High Court in the name of BCCI Holdings and BCCI SA, both based in Luxembourg, alleging negligence and claiming damages against Ernst & Young in its 1986 audit of one of the two main banking arms of the Bank of Credit and Commerce International.

Michelangelo victims
Computer users across the world reported only scattered outbreaks of the Michelangelo computer virus, named after the Renaissance master born 517 years ago yesterday. It threatened to wipe information from IBM-compatible personal computers. Page 2

Tax shops planned
High street UK Inland Revenue offices will deal with personal tax affairs under plans for a reorganisation of the service. Page 22

Younger judges
The British government plans to reduce the retirement age for judges from 75 to 70. Page 5

Women to be ordained
The Anglican Church in Australia will ordain 10 women as priests in Perth today after the Western Australian Supreme Court rejected an application to stop the ceremony.

Abortion goes ahead
The 14-year-old rape victim at the heart of an Irish morality crisis has had an abortion in England. The Dublin high court banned the girl from flying to Britain, but was overruled by the Supreme Court.

Threat to air traffic
Italian air traffic controllers plan to strike tomorrow and on Friday in protest at the Rome government's delay in approving a new work contract.

Army not behind Yeltsin
Only 17 per cent of officers of the former Soviet army support Russian president Boris Yeltsin's reform plans, according to a survey. But nine out of 10 think that governing Russia should be left to politicians.

Fast rail link planned
A high-speed train that would nearly halve travel time between Frankfurt and Paris to 3hr 10 min may be running by the end of the century, French transport minister Paul Quilès said.

Government to stay
Polish prime minister Jan Olszewski said his government would not resign despite parliament's rejection of its economic programme. It will seek a vote of confidence from the Sejm (lower house).

FT No. 31,703

BUSINESS SUMMARY

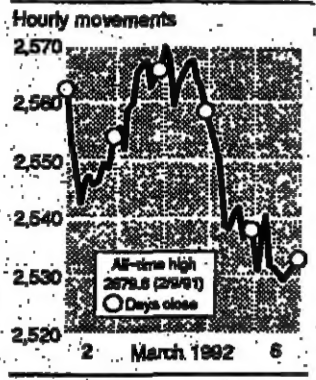
Rise in US jobs may lessen rate cut chance

A jump in US payroll employment last month was seen by Wall Street analysts as signalling a gradual improvement in economic prospects and a reduction in the chance of another interest rates cut.

Non-farm employment rose 164,000 in February, compared with analysts' expectations of a rise of only 10,000. However, the politically-sensitive unemployment rate rose from 7.1 per cent to 7.3 per cent, the highest level for nearly seven years. Page 22; Bush looks to South Carolina, Page 2; In defence of his realm, Page 6

UK STOCKS: The FT-SE Index closed 5.2 down at 2,533.1, having moved erratically between 2,542.7 and 2,528.6 during the session. The mood was helped in late dealings by a fairly steady performance on Wall Street, which shed 7.15 on the Dow Average in morning trading following the announcement of the US employment data. Page 13; Markets, Weekend, Page II

FT-SE 100 Index
Hourly movements



BANK OF Japan dismissed calls to ease monetary policy after its latest survey of business showed the weakest outlook in four years, with profits and capital spending plans declining sharply. Page 22; Does the bank know something?, Page 3

PERRIER: The labyrinthine struggle between Nestlé and Italy's Agnelli family for control of Source Perrier, French mineral water company, swung in favour of the Swiss food multinational. Page 10

GERMANY: Prices are still rising in Germany despite slackening economic growth, threatening to exacerbate the gathering confrontation over wages between employers and trade unions. Page 2

CREDIT Suisse, still smarting from the loss of Moody's triple A rating in January, has reported a 57 per cent surge in 1991 net income to SFr848m ($556m), raised its dividend and forecast higher profits in the current year. Page 10

US has reversed its longstanding opposition to the sale of fibre-optic telecommunications equipment to the Commonwealth of Independent States, paving the way for greatly expanded sales to the former Soviet states. Page 2

RUPERT Murdoch's family shareholding in News Corporation has been diluted to 41 per cent from 44.8 per cent as a result of moves to strengthen the group's balance sheet following its financial crisis last year. Page 10

SOMEX: The winning bidder for the Mexican bank, which was privatised on Sunday, has pulled out of the deal after key investors balked at paying the agreed price of $846m for nearly 82 per cent of the bank. Page 10

Tories pledge to start up national lottery by 1994

By Richard Evans and Ivor Owen

A NATIONAL lottery to raise up to £1bn for Britain's arts, heritage, sports and charities will be introduced by 1994 if the Conservatives retain power at the general election.

The UK is the only country in western Europe without a national lottery, and opinion polls suggest more than 70 per cent of Britons would approve of one.

A white paper published yesterday set out the form the lottery is likely to take, including the allocation of cash by an independent National Lotteries Board, the management of the lottery by private sector contractors, and prizes of up to £1.5m. It did not specify how often draws would take place.

There has been growing pressure for a national lottery as a way of raising money for sport and the arts, but it has faced strong opposition from Treasury ministers who feared a big loss of revenue from taxes on football pools and other forms of gambling.

These doubts have now been overwhelmed by a powerful combination of ministers who see the promise of a lottery with big prizes as an election vote-winner. The proposal will feature in the Tory election manifesto, and legislation introduced in the first session of the new parliament if the Tories remain in government.

Mr Kenneth Baker, home secretary, told the House of Commons that the lottery should raise a gross £3bn or more each year.

Joining the big numbers game ....Page 4

About 35 per cent of the total would go to "good causes", 15 per cent would be used for administration and promotion, and the rest for prizes and tax. The level of tax and the means of collecting it would be up to the chancellor. Football pools bets are taxed at 37.5 per cent.

Mr Roy Hattersley, shadow home secretary, condemned the government's failure to have talks with pools promoters before making an announcement "primarily intended to cobble together a few votes".

He added, however, that a Labour government would give "serious consideration" to a lottery.

Mr Baker brushed aside the claims of Labour MPs that the football pools would be unable to co-exist with a national lottery offering such big prizes. He said most people would be content "with a mild flutter".

One possibility he raised was that the big pools companies could form a consortium to bid for the franchise to run the national lottery.

The Pools Promoters' Association, which represents Littlewoods, Vernons and Zetters, welcomed the government's acknowledgement of their special circumstances and said they were ready to play a constructive part in talks about the lottery. The three companies employ 6,500 people, mostly in the Liverpool area, and fear big redundancies.

Both the arts and sports councils welcomed the white paper, while the Charities Aid Foundation said it backed the lottery but was concerned at some aspects of the proposals.

Tony Andrews

Labour bites back: Angus, a West Highland terrier, and his owner, Mr Brian Gould, shadow environment secretary, yesterday endorsed the opposition's claim to be political market leaders on animal welfare, writes Ivo Dawnay. Labour's bid for the animal-loving vote, only days after the Liberal Democrats launched their policy, is based on evidence that electors prefer policies friendly to the furry and disenfranchised. A Mori poll for the International Fund for Animal Welfare has shown that kindness to animals could be worth up to 2 crucial percentage points in 52 Conservative-Labour marginals

Thorn EMI pays Branson £510m for Virgin Music

By Bronwen Maddox

MR RICHARD BRANSON yesterday sold Virgin Music Group, the world's largest independent record company, to Thorn EMI for £510m in cash after 14 months of talks.

The deal catapults Thorn, the UK music, rentals and light fittings group, into the top league of world music groups, with turnover of more than £1.3bn and about an 18 per cent share of the world market.

It also consolidates the transformation made by Thorn in the past five years, shedding more than 60 companies to concentrate on music and equipment rental.

Virgin Music, created 20 years ago by Mr Branson, brings to Thorn artists such as the Rolling Stones, Phil Collins, Genesis and UB40.

It adds the copyright to 25,000 songs, including the work of Fine Young Cannibals, Tears For Fears and the Pet Shop Boys to Thorn's huge catalogue of 800,000 titles, which already includes Singing In The Rain, Over The Rainbow and Happy Birthday To You.

Mr Branson revealed yesterday that the Rolling Stones had told him when they signed with Virgin at the end of last year that they would be untroubled if Virgin were eventually taken over by Thorn.

Mr Branson added: "It's also important to me that we managed to reach an agreement with a British company."

Mr Branson will receive nearly £380m from the sale, part of which he is expected to invest in the expansion of his airline Virgin Atlantic Airways, and the Virgin Megastores chain of shops in the UK, Japan and continental Europe.

The price also marks a substantial profit for Fujisankei Communications, the Japanese conglomerate, which three years ago paid $150m for 25 per cent of the music group. Mr Branson also remains president for life of Virgin Music, and said yesterday: "I get a really enormous salary but I won't tell you what it is."

Thorn is financing the acquisition by a one-for-four rights issue at 650p, a 17 per cent discount on yesterday's opening price of 785p, to raise £516m net of expenses.

Because the deal is conditional on EC regulatory clearance, the issue falls in two parts. Shareholders will pay 40 per cent of the price immediately, and the balance on clearance and completion of the deal. If the deal does not receive clearance, the company will use the £211m raised to pay down existing debt.

Background ....Page 9
Lex ....Page 22

In the year to July 1991, Virgin Music made operating profits of £21.2m on turnover of £330.1m, compared to EMI Music's sales of £1.016bn and profits of £109m.

Thorn takes on £50m of debt within Virgin Music Group. Mr Colin Southgate, Thorn's chairman, said yesterday its manufacturing and distribution, which Virgin lacked, would bring immediate savings. He expects to treble Virgin Music's profits in the first full year. On that basis, Thorn has told shareholders that it expects no dilution to earnings after the first year. The stock market welcomed that estimate, and yesterday marked the shares up by 21p at 806p.

FT-500 puts public schools in their place

By Andrew Adonis

MANY of England's famous public schools emerge well down the list of academic achievement, according to the FT-500 survey of independent schools published today.

Seven of the top 12 independent schools in England and Wales are former direct-grant schools, which used to award a proportion of their places to state-funded students until the last Labour government abolished the scheme.

The FT-500, one of the most comprehensive surveys of independent education in Britain yet published, ranks schools by an analysis of last year's A-level results. It also details fee levels and gives performance indicators such as the percentage of students going on to higher education.

Two Birmingham schools head the list – King Edward's (for boys) and King Edward VI (for girls), closely followed by Portsmouth High. Winchester, in fourth place, is the leading public school.

The survey gives a boost to day and single-sex schools. Only one school in the top 30 is co-educational – and that just in the sixth form. Only two of the top 12 are predominantly boarding.

Impressive standards are achieved at the top: within the leading 20, pupils secure an average A-level grade of B. However, even at this level, less than a third of pupils take three A-levels on the maths and science side.

Across the whole survey, average boarding fees are £8,126 a year, and day fees £4,483.

Cheaper school ties, Weekend I
FT-500 survey, Supplement

Major defends Tory record

By Ivo Dawnay and Emma Tucker

MR John Major, the prime minister, will today set the stage for the most closely fought British general election since 1974 by launching a vigorous defence of the government's economic record.

With a final draft of his party's election manifesto completed late on Thursday night, Mr Major will tell a Conservative local government conference in London that the average citizen's lifestyle has improved immeasurably over the past 13 years.

His stress on increased prosperity since the Conservatives' took power will be backed with Continued on Page 22

Current account deficit; Aerospace campaign, Page 4
Shadow-boxing, Page 6

MARKETS

STERLING
New York lunchtime:
$1.7175
London:
$1.7185 (1.7165)
DM2.87 (same)
FFr9.745 (9.75)
SFr2.6075 (2.615)
Y226.5 (226.25)
£ index 89.9 (90.0)

GOLD
New York Comex Apr
$350.3 (366.0)
London:
$349.7 (350.65)

N SEA OIL (Argus)
Brent 15-day Apr
$17.45 (17.65)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.6693
FFr5.6685
SFr1.51735
Y131.75
London:
DM1.6695 (1.6715)
FFr5.67 (5.68)
SFr1.5175 (1.5235)
Y131.75 (131.85)
$ index 65.2 (same)
Tokyo close: Y131.69

US LUNCHTIME RATES
Fed Funds: $3\frac{15}{16}$%
3-mo Treasury Bills: 4.14%
Long Bond: $103\frac{3}{4}$
yield: 7.93%

STOCK INDICES
FT-SE 100: Yield 4.87
2,533.1 (−5.2)
FT-A All-Share:
1,218.30 (−0.2%)
FT-SE Eurotrack 100:
1,162.10 (−7.46)
New York lunchtime:
DJ Ind. Av.
3,234.35 (−7.15)
S&P Comp
405.74 (−0.77)
Tokyo: Nikkei
20,992.99 (+128.57)

LONDON MONEY
3-month Interbank:
$10\frac{1}{2}$% (same)
Liffe long gilt future:
Jun $96\frac{3}{8}$ (Jun $96\frac{5}{16}$)

CONTENTS

UK Stock Market Report 0891 123001; FOREX 0891 123003; Bullion 0891 123005; UK Company News 0891 123002. Calls charged at 36p/minute cheap rate, 48p/minute at all other times. To obtain a free Cityline Share or Unit Trust directory, ring (071)-925-2128

Austria Sch30; Bahrain Din1.000; Bermuda $1.65; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.00; Finland Fmk10; France FFr8.00; Germany DM3.30; Greece Dr250; Hong Kong HK$18; Hungary Ft182; Iceland IKR180; India Rup20; Indonesia Rp3,800; Ireland I£0.85; Israel NS5.80; Italy L2500; Japan Y500; Jordan JD1.20; Korea Won 2600; Kuwait Fils.500; Lebanon £L1250; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh11.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.20; Pakistan Rs35; Philippines Peso 46; Poland Zl 18000; Portugal Esc160; Qatar QR10.00; S.Arabia Rls9.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.000; Turkey L6000; UAE Dh .00; USA $1.25.

Even in one of the president's best states, his advisers warn they may be unable to cut Buchanan's share of the vote to below 30 per cent

Bush looks to South Carolina for crucial lift to his campaign

By George Graham

FOUR years ago South Carolina gave a crucial lift to Mr George Bush on his road to the presidency.

The southern Atlantic state, home of the late Mr Lee Atwater, Republican party chairman and Bush campaign manager, produced for Mr Bush a primary victory over his main challengers, Senator Robert Dole and Mr Pat Robertson, the revivalist preacher.

Later, in his general election battle against Governor Michael Dukakis, Mr Bush won 62 per cent of South Carolina's vote, one of his highest scores anywhere.

Today, Mr Bush needs an even more emphatic victory as he seeks an early *coup de grace* over his outspoken right-wing challenger, Mr Patrick Buchanan.

The Bush campaign no longer has Mr Atwater to guide it, but it still has the vigorous support of Governor Carroll Campbell, South Carolina's *dominant politician.*

Mr Campbell also spearheaded Mr Bush's campaign in the neighbouring state of Georgia, where Mr Buchanan won 30 per cent of the vote in last week's primary. Even with the Campbell political machinery behind them, Mr Bush's advisers are warning they may still be unable to cut Mr Buchanan's share of the vote below 30 per cent.

But Bush campaign officials also acknowledge that, with Governor Campbell's strong backing, South Carolina ought to be one of the president's best states.

Campaigning this week in Columbia, South Carolina's state capital, Mr Bush declined to attack his rival by name. But he cautiously criticised the protectionist theme Mr Buchanan has emphasised in his campaign. Closing the US's borders to trade could put 125,000 export-oriented jobs in South Carolina at risk, Mr Bush warned.

In the textile mills around Greenville and Spartanburg, *however, protectionism* may win Mr Buchanan some votes. Senator Ernest Hollings, South Carolina's Democratic senator since 1966, has long advocated textile import quotas.

Senator Hollings has recently taken to Japan-bashing in a remarkably tasteless fashion: responding to Japanese politicians who called American workers lazy and illiterate, he noted that these same American workers had produced a bomb and tested their handiwork at Hiroshima and Nagasaki.

President Bush has refused repeated invitations to condemn Mr Buchanan's overt appeals to racial politics. This reluctance may have little effect in today's primary, but in the November general election it could cost him the support of black voters, who make up 30 per cent of South Carolina's population and who helped re-elect Governor Campbell in 1990.

Mr Buchanan, however, will *have to share the racist vote* with Mr David Duke. South Carolina is the first state in which the former Ku Klux Klan leader's name is on the ballot. Mr Duke's campaigning has been lackadaisical, however, and he is not expected to win a big share of today's vote.

Mr Bush is competing with Mr Buchanan for South Carolina's large Christian fundamentalist population. In 1988, one Republican primary voter in three identified himself or herself as a born-again Christian.

Both Mr Buchanan and vice-president Dan Quayle have campaigned at Bob Jones University, the Protestant university at Greenville, and Mr Buchanan has made hay with a Treasury move to make churches submit lists of large donors to the Internal Revenue Service.

Among the Democratic candidates, Governor Bill Clinton is expected to repeat the formula with which he won Georgia's primary last week: strong endorsements from local politicians, an overwhelming majority of black voters, and a strong appeal to lower and middle-income whites.

Senator Tom Harkin, however, *has sought votes in South* Carolina's industrial areas, and campaigned in the state last week with Mr Jesse Jackson, who swept the Democratic caucus here in 1988 with 55 per cent of the votes.

A sea of enthusiasm: Bush among supporters during a whistle-stop tour in Memphis, Tennessee, this week

Kohl faces double challenge on Emu

By Quentin Peel in Bonn

THE German government yesterday faced a twin onslaught on its efforts to win clear parliamentary approval *for European economic and* monetary union (Emu): from the opposition Social Democrats (SPD) and the Bundesbank.

Responding to a groundswell of public concern about the prospect of "losing the D-Mark" in a future single European currency, the SPD revealed plans to demand *a full* parliamentary debate and decision on Emu, before a single currency is introduced – either in 1997 or 1999.

Mrs Heidemarie Wieczoreck-Zeul, the SPD spokesman on Europe, said the debate should also consider whether the European Parliament had really been "substantially strengthened" in its powers.

The move by the SPD, whose *support for the EC treaties is* essential to obtain a two-thirds majority for the related changes in the constitution, would be tantamount to giving the German Bundestag virtually the same "opt-out" right as that obtained by Britain during the negotiations at Maastricht.

It goes much further than *the move already mooted in* both houses of parliament, the Bundestag and Bundesrat, that they should be given another chance to "take stock" of the treaties before the final phase of Emu – without any power to stop the process.

Mrs Wieczoreck-Zeul said there must a declaration by the Bundestag, attached to the ratification of the EC treaties, that there would be no "auto*matic" move from phase two to* phase three of Emu.

The SPD tactics are likely to be finalised by a meeting of the party leadership on Monday, but they do stop short of the outright rejection of the EC treaties advocated by Mr Oskar Lafontaine, the deputy leader and premier of the Saarland.

His hostile attitude was roundly criticised yesterday by many party members, who remain overwhelmingly committed to the goal of greater European integration.

Instead, the Bundestag would demand the right to reconsider whether the convergence criteria for currency stability had been met by all participating countries.

Meanwhile Mr Otmar Issing, *a leading board member of the* central bank, yesterday said the Emu treaty might not provide adequate safeguards for future monetary and price stability.

Mr Issing, head of the Bundesbank's economics division, said it was "questionable" whether the rules on budget *discipline would be strict* enough to ensure monetary stability.

"This aspect, and the question about the relationship between monetary union and political union, should be dealt with more thoroughly at a later date," he said, implying, like the SPD, some need for re-negotiation.

Any such move would be fiercely opposed by the German *government*, whose staunch defence of the treaty was spelt out on Thursday by Mr Horst Köhler, state secretary in the Finance Ministry and Chancellor Helmut Kohl's leading adviser on international economics.

Mr Issing also warned that it seemed "almost impossible" for Italy, Greece, Ireland and Belgium to comply with the rules on state debt and public sector deficits, necessary to join Emu, "in the foreseeable future". That might mean strong political pressure to relax the rules, thus endangering the stability of the system.

NEWS IN BRIEF

PC users spared by Michelangelo

PERSONAL computer (PC) users reported scattered outbreaks of the dreaded Michelangelo computer virus yesterday, but the widespread damage predicted by computer security companies did not materialise, write Louise Kehoe and Paul Taylor.

The virus, named after the Renaissance master born 517 years ago yesterday, caused sporadic damage across the globe to IBM-compatible PCs. In the US there were only a few reports of problems but computer stores and software companies selling anti-viral programs have been overwhelmed by anxious customers.

Elsewhere, South Africa appeared hardest hit, with more than 1,000 computers reported to be affected in 450-500 companies, many of them pharmacists. In the UK police said the computer software programs of a company in the north of England and one in Purley, Surrey, had been destroyed by the virus.

Delta buys nine Airbuses

Delta Air Lines has ordered nine Airbus A310-300 aircraft, worth about \$675m (£383.5m), writes Daniel Green. The deal is the biggest for Airbus, the multinational European aircraft maker, since August 1991. The order marks a renewed commitment to Airbus from Delta, which operated only US-built aircraft until it bought Airbuses from the now defunct PanAm last year.

Bosnian breakthrough claimed

Mr Cyrus Vance, UN mediator, yesterday claimed a breakthrough in the independence dispute between Bosnia's rival ethnic communities and said they had pledged to seek a settlement, Reuter reports from Belgrade. Mr Vance, who met Moslem, Serb and *Croat leaders in the Bosnian capital of Sarajevo, said they would* attend EC-sponsored peace talks in Brussels this weekend.

Olszewski to carry on

Poland's centre-right government yesterday decided not to resign despite losing a parliamentary vote on its budget guidelines on Thursday, writes Christopher Bobinski in Warsaw. Premier Jan Olszewski said the government would press on with preparing a budget by March 23.

Four indicted over Japanese loans

The former president of Tokyo Sagawa Kyubin, Mr Hiroyasu Watanabe, the transport company at the centre of Japan's latest political scandal, and three business associates were indicted yesterday for allegedly organising Y64.5bn (£284.14m) in improper loans, writes Robert Thomson in Tokyo.

Mugabe appeals for drought aid

President Robert Mugabe declared a state of national disaster in Zimbabwe yesterday to fight the worst drought in living memory, Reuter reports from Harare.

Appealing for international assistance, Mr Mugabe said the country needed food, machinery for boring water holes and vehicles to transport relief supplies.

Mogadishu relief ship thwarted

A UN mercy ship headed back to Kenya yesterday after shelling of Mogadishu port prevented the landing of food for the troubled Somali capital, Reuter reports from Nairobi. The latest fighting shattered a UN-mediated truce to allow delivery of the first large aid shipment for weeks.

Irish bank dispute escalates

A seven-week-old pay dispute affecting Ireland's banks escalated yesterday when 13,000 employees of the big four Irish clearing banks stopped processing bank charges to *customers*, writes Tim Coone in Dublin. Managements of the four banks, Allied Irish Banks, Bank of Ireland, Ulster Bank and National Irish Bank, have threatened a 20 per cent pay cut as of next week unless staff "honour their contracts". The dispute is over a 6.5 per cent pay rise demanded by the Irish Bank Officials Association.

US eases telecom sales curbs for CIS

By Nancy Dunne in Washington

THE US has reversed its opposition to the sale of fibre-optic telecommunications equipment to the Commonwealth of Independent States, paving the way for greatly expanded sales to the former Soviet states.

Formal agreement to ease multilateral export controls on telecommunications is expected at the next meeting of Cocom, the Co-ordinating Committee for Multilateral Export Controls based in Paris, which is due in June at the latest.

The US has been at odds with both its European allies and American industry over liberalisation of export controls, with the US moving only cautiously in response to changes in the former Soviet Union. This week, the administration was urged by the Telecommunications Industries *Association to approve* changes for technologies ranging from fibre optics to cellular telephone systems.

The US has been preparing a shift from its long-standing opposition for some time, but it was delayed by the "shaky period" after the Soviet coup and the complicated technical work involved in the proposal. Although the administration realises the CIS must have a cost-efficient telecommunications system, logistical and financing problems remain.

The US is proposing an easing rather than an end to telecommunications controls. Sales would be allowed of the most modern medium-speed systems for use between CIS cities and of top-speed systems for international communications. Controls would continue for technology for use near military and nuclear facilities.

This would rule out the proposed trans-Siberian fibre optics transmission system.

Turkish trade gap narrows

Turkey's trade deficit narrowed by 20 per cent to \$7.4bn (£4.2bn) last year, thanks mainly to oil aid from Saudi Arabia, the State Institute of Statistics (SIS) said yesterday, Reuter reports from Ankara.

Exports rose by 5 per cent to \$13.6bn and imports fell by 5.7 per cent to \$21bn.

Price rises threaten wages row in Germany

By Andrew Fisher in Frankfurt

PRICES are still rising in Germany despite slackening economic growth, threatening to exacerbate the gathering *confrontation over wages* between employers and trade unions.

Hesse and Bavaria, two of the country's economically most important regions, reported an acceleration in inflation rates for February. In Bavaria, the annual rate was 4.7 per cent (4.3 per cent in *January). In Hesse, it was 4.6* per cent (4.1).

These high regional rates do not necessarily mean the overall west German inflation rate, which stood at 4 per cent in January, will be at these levels. The more heavily-industrialised state of North Rhine-Westphalia reported a rate of 4.3 per cent for February.

While inflation has been picking up, economic activity is hesitant. The economics ministry said west Germany's manufacturing order inflow rose 5 per cent between December and January, but the combined level for both *months* was down by 2.9 per cent on the previous year.

Industrial production figures showed a similar trend, rising in January over December by 6 per cent but falling on a two-monthly basis by 1.2 per cent on the year.

The February unemployment figures were *also mixed. In west Germany*, the total eased 11,640 to 1.86m people, a rate of 6.1 per cent against 6.3 the previous month. But the improvement mostly reflected mild weather.

In east Germany, the jobless rate was down to 15.9 per cent, or 1.29m people, from 16.5 per cent (1.34m), helped by *government job-creation* programmes.

In spite of the slackening economic situation, wage claims have been high. A moderate 4.9 per cent settlement was reached for Ruhr coalminers yesterday, but this came as no surprise, in view of the difficult state of the industry.

Public-sector workers are holding out for 9.5 per cent after an offer this week of 3.5 per cent, while banking unions have called members out on strike to back their claim of 10.5 per cent against the employers' 5 per cent offer.

Martens to be replaced as Belgian premier

By Andrew Hill in Brussels

MR Wilfried Martens, western *Europe's longest-serving* premier, will almost certainly be replaced as Belgian leader this weekend by Mr Jean-Luc Dehaene at the head of a centre-left government.

Mr Dehaene – a senior Flemish Christian Democrat like Mr Martens – has already coaxed Christian Democrats and socialists from both sides of the French-Flemish language divide into a coalition and was negotiating yesterday over the choice of ministers.

The king is expected to approve the government this weekend, more than 100 days after November's inconclusive election, thus ending Belgium's disorienting spell in political limbo.

Mr Dehaene, 51, was vice-premier and communications minister in the last government. He also forged agreement on a coalition after the 1988 election, but his friend and patron Mr Martens was appointed to the top job, a post *he has held almost* continuously for nearly 13 years. Mr Martens, 55, could now take over as chairman of the Senate, Belgium's upper chamber, if he is not given a ministry.

The new Belgian government will probably contain only 16 ministers, about half the usual number, charged with an *emergency legislative* programme. They will try to cut the large budget deficit and tackle further constitutional reform – the issue which brought down the last Martens government.

Jean-Luc Dehaene: tough problems ahead

Mr Dehaene may have difficulty, particularly on the constitutional issue. The four coalition parties all lost seats *in the election and political* opponents are already calling this "the government of the vanquished". It will command 120 seats in the 212-seat parliament, and will have to curry favour with other parties to gain the two-thirds majority needed before further powers can be devolved to the Belgian *regional authorities.*

Among possible ministerial-changes, Mr Mark Eyskens, the long-serving foreign minister, could be replaced by Mr Willy Claes, a Flemish socialist.

Baltic states hit troop pull-out snag

By Robert Mauthner in Copenhagen

THE NEWLY-CREATED 10-nation Council of Baltic Sea States ran into difficulties yesterday when Estonia and Latvia raised the controversial issue of the delay in Soviet troop withdrawals from their *territories.*

The problem arose despite the insistence by Mr Uffe Ellemann-Jensen, Danish foreign minister and conference co-chairman, that the council, set up to bridge the gap between western Europe and the former communist states bordering the Baltic, should not duplicate the work of existing international organisations.

Security matters fell outside the scope of the new organisation, he stressed.

That did nothing to deter the Estonian and Latvian foreign ministers, Mr Lennart Meri and Mr Janis Jurkans, from protesting against what the former described as the "illegal stationing" of Soviet troops on their territories.

They did so in the presence of Mr Andrej Kozyrev, Russian foreign minister, whose country is among the founder-members of the Baltic Sea grouping.

"At a time when the cold war, or rather, the third world war, is approaching its end, Estonia is still fighting her last battle of the Second World War," Mr Meri said.

He did not see why Soviet forces, redeployed from Germany and other central European states, were now concentrated on the Estonian border, in Karelia and the Kola Peninsula.

At a time when Estonia was rebuilding its democratic institutions, Mr Meri said: "It is not a comfortable situation when our parliament can be reached in less than 15 minutes by Soviet paratroopers".

After the meeting, Mr Kozyrev tried to turn the discussion to his advantage by stressing that Soviet troop withdrawals from the Baltic states and elsewhere were as much a social and economic problem as a political and military one.

The resettlement of soldiers' families was worthy of financial aid from the council's member countries, he suggested.

Another Russian-backed proposal, to appoint a special commissioner for national minorities and human rights in the Baltic Sea region, aimed specifically at protecting Russian minorities there, also appeared to trespass on work already undertaken by the 48-nation Conference on Security and Co-operation in Europe (CSCE).

Even protection of the marine environment, in which the Baltic Sea states have a special interest, is already covered by an existing organisation, the Helsinki Commission, grouping most of the states making up the new Council.

The Baltic Council, which will meet at foreign minister-level once a year, and be run by officials in the intervening period, will not be given a specific aid budget.

The aim is to identify common projects to help transform Russia, the east European states and the Baltic republics into free-market societies and prepare them for closer relations with the EC, but aid will continue to be given bilaterally or channelled through existing international bodies.

The Financial Times (Europe) Ltd
Published by The *Financial Times* (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The *Financial Times* Ltd, 1992.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41, Fax (33) 935335.

INTERNATIONAL NEWS

S Africa's right wing exploits nation's fear

Patti Waldmeir on Conservative referendum tactics

"REJECT the anti-Christ." That is the level at which South Africa's ultra-right Conservative Party (CP) has pitched its campaign for a "no" vote in next week's referendum on the future of apartheid.

For the most part, the CP campaign is not rational, but then, elections never are. When it comes to exploiting the emotions and fears of the Afrikaner, few political leaders are more effective than the CP leader Andries Treurnicht, who today takes his message to the Afrikaner capital, Pretoria.

He will address a CP rally from the steps of Pretoria's monument to Paul Kruger, president of the 19th-century Transvaal republic, and one of Afrikanerdom's best-loved heroes. If Mr Treurnicht follows the pattern of previous campaign speeches, he will accuse the ruling National Party of selling out to the African National Congress (ANC) and its ally, the South African Communist Party (alias the anti-Christ); he will cite frightening crime statistics, including murders of elderly Afrikaans farmers; he will condemn the appalling state of the economy.

Backing his rhetorical skills will be the firebrand Mr Eugene Terre'blanche, leader of the neo-Nazi Afrikaner Weerstandsbeweging (AWB), or Afrikaner Resistance Movement, himself a powerful orator, and Mr Jaap Marais of the Herstigte Nasionale Party (Reconstituted National Party). It will be a formidable array of right-wing force.

For the Conservative Party, this is the mother of all battles; the party knows it will not lose to fight another day. If the CP cannot muster a majority for the "no" campaign, party insiders predict it will split along fault lines.

Over the past 10 days, an influential group of younger, more moderate CP members of parliament – led by the witty and articulate Mr Koos van der Merwe, MP for Overvaal, near Johannesburg – have sought to hijack party policy from older reactionaries who propose a return to apartheid in all its glory, and all its lunacy.

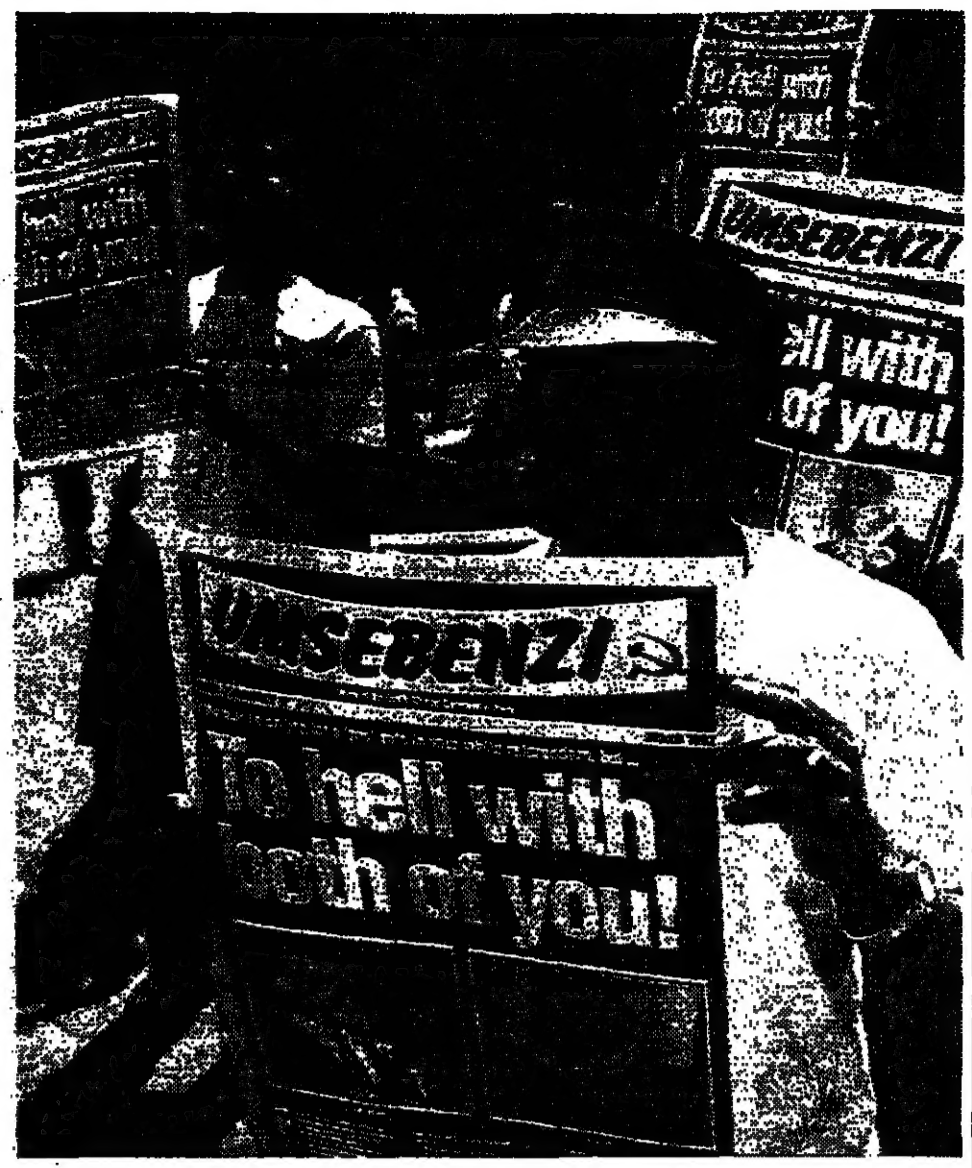
Unilaterally, they have announced major reversals of policy which have caught more senior leaders off guard. Mr van der Merwe has announced that the CP would not reinstate apartheid. This is largely sleight of hand: apartheid laws would not be needed in the white homeland which Mr van der Merwe proposes, because blacks would not be citizens of such a state.

Mr van der Merwe also announced that the CP was willing to negotiate political reform with blacks. Official party policy has been to boycott the Convention for a Democratic South Africa (Codesa), the multi-racial forum which is currently negotiating a new constitution. Mr van der Merwe insists the party is ready to negotiate its demands for a white homeland, though he says he would join Codesa only if its voting laws were changed.

The CP has also compromised on its central demand, that there should be an independent Afrikaner homeland, part of a larger confederation of other regional – that is, black – states. That, of course, was the original plan of apartheid: a constellation of black states federated to a large white nation. The difference is that old-style apartheid called for whites to occupy over 80 per cent of South Africa; the new CP policy is in favour of a much smaller white state.

But many "no" voters will probably be voting less FOR a white homeland than AGAINST the prospect that the National Party will hand over power to the black majority.

The large number of right-wingers who oppose such an outcome will not disappear even if they lose the referendum. In fact, they could prove even more dangerous. For if the CP loses, many Conservatives will feel that the constitutional route to opposing reform has been blocked; a hard core is likely to resort to violence, while the rest would form a "new right" which could be expected to enter negotiations.



Protest vote: Left-wing demonstrators carry posters in Johannesburg yesterday, portraying Andries Treurnicht and F W de Klerk under a banner: To hell with both of you!

Nigeria government braced for test over exchange rate

By Michael Holman in Lagos

NIGERIA'S military government braced itself for its toughest test since taking office in 1985 as the official rate of the naira fell from 10.6 to 17.8 to the US dollar.

The central bank set the rate for the last time yesterday. From Monday it will be implementing Thursday night's decision to let the naira float, but yesterday's fixing has already closed the gap between the official and parallel rates.

This meets one of the main conditions of a new stand-by agreement with the International Monetary Fund currently being negotiated in Lagos.

The current IMF agreement, due to expire in April, was effectively suspended in mid-1991 after the government slipped from agreed economic targets.

A new agreement would pave the way to further rescheduling of Nigeria's approximately $30bn external debt.

Both the business community and western creditor governments have been stunned by the boldness of the government decision.

"It was a coup de theatre and the IMF was in the audience," commented one astonished western diplomat.

At this week's foreign exchange auction, now discontinued, the country's 120 banks bid for $407m at between 12.75 and 14 naira to the US dollar.

The central bank said yesterday it would sell at 17.8 naira, and gave the banks until close of business on Monday to follow through their bids or reduce the amount of dollars sought.

Most banks will have to cut back their applications, particularly in the light of the liquidity squeeze government is expected to introduce. Bankers had expected the central bank to conform to past practice and establish the rate within the range of bids.

Praise from abroad for the government's action will be tempered by continuing concern at levels of public expenditure, particularly on large-scale projects such as the Ajaokuta steel complex and the on-going construction of an aluminium smelter complex.

At home, many Nigerians are greeting the devaluation with a mixture of incredulity and anger. Local press reports, based on a government briefing two weeks ago, had led them to believe government would take steps to strengthen the naira.

Anger stems from the belief that there will be a sharp rise in the cost of living.

Government officials say any rise will be modest. The majority of manufacturers pay for most of their imports and raw materials with foreign exchange bought above official rate, and consumer prices already reflect this. Locally grown staple foods will hardly be affected, say officials.

Candidates in the elections for a civilian president, due to take place at the end of the year, are unlikely to come to the military government's assistance.

Many have promised a return to a "realistic rate for the naira", conjuring up the oil-boom era of the late 1970's when the naira was worth more than one dollar.

Does the bank know something Japan does not?

By Steven Butler in Tokyo

THE Bank of Japan is either seriously out of sync with the rest of the country or it is enjoying a good game of central bank poker.

The evidence that Japan's economy is rapidly weakening is piling up by the day. Yesterday's Tankan, the quarterly central bank business survey, provided the most authoritative proof yet, but the bank coolly dismissed calls for any monetary policy change. The apparent denial of any need to cut interest rates is deceptive. This is because a further cut in rates soon would be fully consistent with current policy, which has been to loosen monetary conditions since last July by three half-point cuts in the official discount rate (ODR).

This week, several Japanese newspapers and NHK TV said rates would be cut shortly. The reports were officially dismissed, but may well have been based on talks with central bank employees, and to some extent reflect official thinking.

But the question remains: whether lowering interest rates would do any more in Japan to stimulate the economy than it has done in the US. "The Tankan tells us an ODR cut will do nothing to get the economy going," said Mr Jesper Koll, economist at SG Warburg in Tokyo. Instead, what was needed was a fiscal stimulus of the sort advocated by Premier Kiichi Miyazawa and his cabinet.

The Tankan shows a sharp slowdown in the economy, easing of prices, cuts in capital spending, a slackening labour market, and an increase in inventories of the sort that could eventually prove to be a real recession, rather than just the slowdown already confirmed. The reason that easing of interest rates may not have a strong impact on the economy is that spending is being cut and inventories are piling up, even as companies report an easing of credit markets. The central bank has repeatedly said corporate liquidity remains adequate and is not a constraint on spending. Weak demand and falling profits are.

Similarly, labour market indices show a gradual easing, especially in manufacturing industries, even though labour supply remains generally tight. The survey showed a sharp easing of inflationary pressure in both input prices and manufactured goods prices. The index reflecting excess inventories has risen steadily from 6 a year ago to 31 in February, although the bank argued that inventory levels would come down in the next quarter.

Perhaps the most disturbing figure in the report is the reported 11.8 per cent cut in capital spending plans in the fiscal year starting in April, including a 14.2 per cent decline in manufacturing industry. The fall in capital spending, which accounts for more than 20 per cent of GNP, is expected to accelerate in the second half of the year.

The central bank argued yesterday that capital spending was still likely to be more buoyant than the Tankan indicated, because figures included a 23.5 per cent spending cut by medium and small companies. These companies are typically slow to formulate capital spending plans. But the usual rise in small business spending compared to plans could be far less pronounced in a recessionary environment and may not provide the relief the central bank is anticipating.

If capital spending does not pick up, the government's official GNP growth projection of 3.5 per cent is certain to remain a dream.

Mr Kermit Shoenholtz, economist at Salomon Brothers Asia, said economic growth is unlikely to be much above 2 per cent for fiscal 1992, even if the government primes the pump with a supplementary budget. Economists contend that the price of the bank's successful effort to control inflation by high interest rates is a recession already under way. But given Japan's labour shortage, Japanese workers will at least be spared the misery of the UK and US workforces.

Campaign for more support to aerospace

By Paul Betts, Aerospace Correspondent

THE AEROSPACE industry, struggling under defence cuts and the downturn in civil business, is launching a campaign to coincide with the start of the general election to seek greater government support.

On Monday the Society of British Aerospace Companies will send a series of briefing papers to potential parliamentary candidates from all parties warning them of the plight of the aerospace industry and the repercussions on jobs and technology in industry as a whole.

The society warns that aerospace industry employment will fall as much as 25 per cent – or about 44,000 jobs – between 1989 and this year because of defence cuts and the civil aerospace recession. It estimates employment in its 240 member companies will fall from 194,000 jobs in 1989 to about 150,000 by the end of this year. "Further job losses will take place in small companies providing services and goods to the aerospace industry."

A society official said yesterday that aerospace workers were voters in 340 constituencies. Of these, two thirds were regarded as among the top marginal constituencies in the forthcoming election.

Sir Ralph Robins, the chief executive of Rolls-Royce, the UK aero-engine group, yesterday stressed that the UK aerospace industry required the same "level playing field" as rival aerospace industries, which were facing the same pressures of defence cuts and a downturn in civil orders.

He told the Aviation Club of Britain: "Some of our foreign friends receive considerable help from their governments. Either we have to stop these governments doing this or we must join them and help our industry in the same way."

The society is pressing for a closer dialogue between companies and government to ensure that the UK maintains the optimum defence industrial base and leading edge technological competence in spite of restructuring.

Among other industry demands are increased government investment in new space and civil aerospace projects and the increasing of government launch funds for civil aerospace projects to include components and avionics.

It says the government should support aerospace companies considering investment outside their traditional activities.

MPs urge Army review

ARMY CHIEFS are hopeful that the next government will reconsider the scale of planned troop cuts after a critical report by MPs yesterday called for "a fresh assessment" of manpower requirements, David White writes.

Ministers have repeatedly warned that only a significant worsening of the international situation would justify a change in plans announced last year.

The Commons defence committee said it feared the Army reductions – from 156,000 to 116,000 – had been "taken too far" and might leave insufficient leeway for the Army to deal with an unexpected crisis. Even peacetime tasks might cause "unacceptable strain".

A particular source of concern was how units assigned to Nato's new Rapid Reaction Corps would cope while being liable for six-month emergency tours in Northern Ireland.

The committee, chaired by the Conservative MP Mr Michael Mates, said it did not propose "another major upheaval" on the lines of the Options for Change review. The report called into question the way regiments had been selected for merger or disbandment, and upbraided ministers for refusing to account in detail for the rationale behind the decisions.

Senior Army officers believe it may be possible after the general election to revise the target figure of 116,000 by several thousand.

Lime Street directors had £400,000 bonus

By Andrew Jack, Richard Lapper and David Owen

DIRECTORS of Lime Street Underwriting Agencies, the Lloyd's members' agency which went into liquidation yesterday, paid themselves £400,000 in bonuses in June.

Heavy losses have been incurred by Names recruited to Lime Street who were placed in some of the syndicates with the greatest losses in recent years.

Names are individuals whose assets underwrite insurance business at Lloyd's.

Meanwhile, the principal route used by MPs to make public allegations of malpractice at the Lloyd's insurance market appears to have been blocked. Mr Peter Hain, Labour MP for Neath, said he had been told by parliamentary authorities that the Speaker would accept no further Lloyd's-related motions in the current parliament.

Details of the Lime Street payments came at a creditors' meeting yesterday following a decision by the directors to put the company into creditors' voluntary liquidation with net current liabilities of £476,000.

The bonuses were shown in unaudited accounts for the 19 months to February 1992. Bonuses in the previous three years had ranged from £20,000 to £55,000.

Following approval by a board meeting last June, Mr Patrick Corbett was awarded £150,000, Mr Richard Gethin-Jones and Mr Robin Kingsley £100,000 each, and Mr Robert Hallum £50,000. None of the directors was willing to comment on whether that money would now be returned.

Mr Ian Bond, a partner with Cork Gully and one of the liquidators, told the meeting the company had been notified of claims against it totalling £21m by last Thursday.

Mr Hain, whose motion urging an inquiry into the Lime Street agency was printed in Thursday's order paper, said he was seeking a personal interview with the Speaker – Mr Bernard Weatherill – to discuss the apparent blocking of motions on Lloyd's.

The Speaker has already served warning that he would not tolerate the use of early day motions – which enable allegations to be published under the protection of parliamentary privilege – to mount concerted campaigns.

● More than 1,500 Names facing losses of more than £150m on Feltrim syndicates 540 and 847 in the 1989 underwriting year will not have to meet cash calls which had been scheduled for April 30.

The syndicate's managers confirmed yesterday that the calls had been cancelled.

● Agreement is close in the long-running Outhwaite case. Eighty-one Lloyd's agents yesterday accepted the terms of a £116m out-of-court settlement with about 1,000 Outhwaite Names who were members of Outhwaite syndicate 317/661 in the 1982 year. The Names ratified the settlement on Wednesday.

Joining the big numbers game

Richard Evans on proposals to launch a national lottery

THE surprise about yesterday's proposal from the government to launch a national lottery is that it has not come sooner.

Britons gamble about £240 each a year, more per head than most other nations. But the UK is the only country in Europe without a lottery – even Albania has succumbed to the temptation of big prizes for a small outlay.

The principle of lottery financing in the UK is not new, but the last lottery ended in 1826 following allegations of fraud and malpractice and the growth of illegal betting.

Lotteries in other countries have gone from strength to strength. The biggest spenders are Americans, where 90m punters splash out £12bn a year, with a staggering £5.5bn returned in prize money. Most states have a lottery, with California and Florida running the biggest.

Some states have found that the initial enthusiasm wears off, however, and ticket sales can start to fall.

The biggest national lottery in Europe is in Spain, where customers spend £3.4bn each year on tickets – £64 per head of population. The Christmas payout – known as El Gordo, the fat one – has reached £115m and is a national event.

In Britain the government reckons that a single national lottery, which could be launched in 1994, should raise about £1bn a year for sports, the arts, heritage and charities. A third of money from ticket sales would probably go to these causes, and 15 per cent would be deducted for administration, including advertising and promotion. The remainder would go in taxes and prizes of up to £1m.

GOVERNMENT TAX TAKE FROM GAMBLING 1990-91 (£m)

Bookmaking	479.0
Football pools	303.9
Casinos	57.4
Gaming machines	98.7
Bingo	67.4
Total	1,006.4

Source: Inland Revenue

What remains unclear is who the winners from the introduction of a lottery will be – apart from the direct beneficiaries – and who will stand to lose most. The uncertainty stems from differing views on whether lottery stake money would be syphoned from other forms of gambling, or whether it would be additional cash staked on the long-odds chance of winning a fortune.

The most obvious losers, and the most vocal opponents of a national lottery, are football pools promoters, which fear their businesses will be damaged beyond repair with big job losses, particularly in Liverpool.

Littlewoods, Vernons and Zetters employ more than 6,500 and a further 70,000 as part-time collectors. The companies' anxieties stem from the fact that the French national lottery, for example, is run by 400 people.

Mr Kenneth Baker, Home Secretary, said yesterday there was no evidence that the pools would be badly affected, but if they were "there are measures we could take to change existing controls". He also suggested that pools promoters form a consortium to bid for the franchise to run the lottery, a course which could also be followed by bookmakers or others who judge they could be adversely affected.

Objections from the Treasury have been overwhelmed by the perceived political attractions of a lottery, and by the prospect of continental European lottery tickets – at present illegal – flooding into the UK with the introduction of the single market next year.

Other big losers could be promoters of charity lotteries – there were 855 in 1990-91, generating nearly £15m – and the government intends to consult charities before framing legislation.

There is certain to be criticism of the proposal from church leaders and others on the moral implications of the proposal.

Research from every country with a national lottery – most recently Ireland – shows that poorer sections of the community stake a higher share of disposable income than the better-off.

Trevor Humphries

Loadsamoney: Kenneth Baker announcing the lottery plans which could start in 1994

Ashdown hardens stance on devolution

SCOTTISH devolution would have to be included in an agreed four-year programme of government if the Liberal Democrats were to form a coalition in a hung parliament, Mr Paddy Ashdown, party leader, said yesterday, Ralph Atkins writes.

Speaking ahead of his party's spring conference in Glasgow this weekend, Mr Ashdown went further than before in detailing his terms for supporting either Labour or the Tories – and in appeasing the strong devolutionist wing in his party. Ten of the 22 Liberal Democrat MPs represent Scottish constituencies.

Mr Ashdown reiterated that if a Queen's speech were introduced by either of the other parties without promising proportional representation, he would vote against it even if it contained pledges on Scottish devolution. He argues that without reform at Westminster, a Scottish parliament introduced by a minority government would be "a flash in the pan".

Liberal Democrat terms for a coalition also include an agreed programme of government. Mr Ashdown denied reports that it would have to include a fourth Trident submarine, but said: "It is inconceivable that this party would not include, in that programme, legislation for a Scottish parliament."

Ulster talks to start on Monday

THE British and Irish governments agreed in Dublin yesterday to suspend any further meetings of the Anglo-Irish inter-governmental conference until after the British general election.

This creates a brief space for "round-table" talks by the four main political parties in Ulster to begin on Monday. These will cease as soon as the election is called, which is widely expected to be early next week.

Post Office chief agrees to stay

SIR BRYAN NICHOLSON is to delay his departure as chairman of the Post Office until March next year. Sir Bryan, who was appointed as chairman for five years in 1987, was due to step down in October from his £149,000-a-year job.

He has been asked to stay on by Mr Peter Lilley, the trade and industry secretary, to allow more time to find a replacement. The impending general election will disrupt the timetable for replacing the Post Office chairman and also leaves in doubt the identity of the minister who will be responsible for Sir Bryan's successor.

Sir Bryan is understood to have been asked to remain in his job on a full-time basis until next March. But he told Mr Lilley he was only prepared to stay on in a part-time capacity, so that he can pursue other possible business interests.

London Zoo out of danger

LONDON ZOO is no longer in danger of closure, it announced yesterday.

The zoo, run by the Zoological Society of London at Regent's Park, says it was now on the point of breaking even. A campaign to save the zoo was launched last April after it warned that losses of £2m a year could force it to close.

Fifty-nine jobs were lost in a cost-cutting exercise, and animal numbers were reduced through transfers to other zoos. A fund-raising campaign has so far collected £2m from the public, which will be put towards future projects.

The ruling council was split over ways to secure the zoo's future. Several members resigned and a new president, Sir John Chapple, took up his post this week.

Aristocratic families set to lose a pile over leasehold reform

TWENTY-FIVE years after the Leasehold Reform Act fundamentally altered the rights of landowners, Sir George Young, housing minister, this week announced plans for extending its reach.

The proposed changes, which have cross-party support, go to the heart of the age-old political issue of property rights and will transform ownership of some of the most historic parts of London. The proposals to give all leaseholders the right to buy their freehold has provoked bitter exchanges between leaseholders and their freeholders, notably the aristocratic families who see themselves as guardians of their estates for future generations.

The beneficiaries will be leaseholders with houses capable of commanding rents of more than £25,000 a year, which were excluded from the right to buy under the 1967 Act.

The Leasehold Enfranchisement Association, comprising more than 2,000 households, says leaseholders are at the mercy of house-price fluctuations, are in an unfairly weak bargaining position with their landlord, face big bills for repairs or to renew their leases, and risk becoming homeless when leases expire.

Mr Jeremy Newsum, chief executive of the Grosvenor Estate, owner of the elegant terraces and mewshouses of Mayfair and Belgravia, says the government's proposals "amount to a massive infringement of two longstanding democratic principles: the right for a private citizen to own and enjoy his private property as he wishes and to uphold contracts freely entered into."

He says the the proposals will cause the break-up of the 300-year-old Grosvenor Estate and amounts to confiscation.

TORY backbenchers protested in the Commons yesterday that planned government legislation to give all leaseholders in England and Wales the right to buy the freehold of their property would penalise owners of houses in central London while enabling leaseholders to "make a killing".

Mr William Benyon, Conservative MP for Milton Keynes, said it was a "curious proposal" by Conservative ministers, while Mr Steve Norris, Conservative MP for Epping Forest, described it as "an unConservative measure" involving the forced sale of assets.

The Grosvenor Estate argues that leasehold reform should be aimed at improving bad practices, rather than affecting good and bad landlords alike. Mrs Joan South of the Leasehold Enfranchisement Association says the great estates of central London are as rapacious as any other landlord.

Another dispute centres on whether the changes will increase the stock of houses available for rent.

Mr Stuart Corbyn, chief executive of the Cadogan Estate, says: "If the government gets its way, there will be nobody buying residential investments." The proponents of change say it will make no difference as leases of under 21 years are not affected.

Freeholders and leaseholders are divided on the question of compensation. The Tories propose that landlords should be compensated with the market value of the property, plus half the "marriage value" from putting the leasehold and freehold together.

Leaseholders think they will not be able to afford market rates and claim that they have added to the value of the property. The estates argue that the occupier will get an undeserved windfall gain from receiving half the "marriage value".

Leasehold reform can be expected in the next parliament, extending to flats for the first time in England and Wales. Last summer the government announced proposals that would affect about 250,000 leaseholders in flats, many of whom feel they pay too much in service charges, wait too long for repairs and encounter difficulties in selling their properties because building societies are unwilling to lend money on short leases.

Both Labour and the Tories support a new form of tenure called commonhold as a means of sharing a freehold between a group of owners of flats.

The move to compulsory commonhold has been attacked by professionals – the Royal Institution of Chartered Surveyors thinks disagreements between commonholders will be difficult to resolve.

Whatever the possible problems, there is little doubt that commonhold would be popular with owners of flats. This has not escaped the attention of politicians. The concentration of dissatisfied owners of flats in marginal constituencies in London such as Hampstead, Dulwich, Westminster North, Kensington and Wandsworth has probably concentrated politicians' minds even more sharply on reform.

Vanessa Houlder

Safeguard for home-buyers

THE government yesterday announced moves to prevent mortgage lenders forcing home-buyers to purchase unwanted insurance policies and other financial services as a condition of a loan, David Barchard writes.

It said it planned to stop the "tying" of one financial service to a mortgage. However, it would not ban package deals in which a mortgage is cheaper because it is combined with other financial services, provided that consumers are not misled.

There have been widespread complaints from consumers that they may be forced to stop an existing insurance policy and switch to another to obtain a mortgage. When a home-buyer is forced to surrender an endowment policy from one company and switch to another, it usually involves a substantial loss to the person concerned.

The government proposals would mean that every lender would have to make it clear to customers whether the availability of a secured loan was linked to the purchase of another service.

For mortgage loans, lenders and brokers would have to make it clear as soon as a customer inquired about a mortgage that they were willing to provide the loan by itself.

Fimbra plan on home bonds

A PROCEDURE to help people in financial difficulties after taking on investment bond home income schemes – designed for elderly people to borrow against the value of their homes while continuing to live in them – to register complaints was announced by the Securities and Investments Board yesterday, Scheherazade Daneshkhu writes.

People who invested in such schemes on the recommendation of members of Fimbra, the regulatory body for independent financial advisers, will be able to take complaints direct to Fimbra. Previously, related complaints – for example, about the insurance company whose bond was sold or the solicitor dealing with the mortgage documents – would have gone to separate regulatory organisations.

In the simplest home income plans, the house is remortgaged to buy an annuity which pays an income until death. The capital is kept by the insurance company when the owner dies. There have been few problems with these plans.

Investment bond schemes are much riskier. The home-owner invests in an insurance bond, the value of which can fluctuate with the market.

The value of some such bonds fell at the same time as interest rates rose and house prices dropped – creating substantial losses for the investor.

Many pensioners were sold these policies, even though they were virtually banned by the regulators, which have encouraged victims to report those selling them.

Investors losing money as a result of unsuitable advice from a Fimbra member are entitled to compensation under the Investors Compensation Scheme as long as the advice was given on or after August 28 1988, when the ICS came into existence.

Current account deficit cut to £4.4bn

By Emma Tucker, Economics Staff

HIGHER THAN expected invisible earnings in 1991 cut Britain's current account deficit to £4.4bn, the smallest annual shortfall since 1987.

Provisional figures released last month put last year's current account deficit at £5.8bn, but hefty revisions in the fourth-quarter figures led to yesterday's improved figure which compares with a £15.4bn deficit in 1990.

The current account deficit in the fourth quarter of 1991 was revised down to just £642m from an earlier estimated shortfall of £1.6bn. The surplus on invisible earnings, which cover trade in services and various financial transfers, was revised up to £1.9bn from £900m. The invisible surplus for 1991 as a whole was £5.7bn.

Although the Treasury welcomed the "sharp recovery in invisibles", economists were more cautious, pointing to "unsustainable" features in the fourth-quarter figures that reflected one-off changes rather than underlying improvements in the economy.

Much of the improvement to the invisibles balance in the fourth quarter stemmed from lower government payments to the European Community. The UK government received a payment of £500m back from the EC in the fourth quarter so that the UK's overall payments to EC institutions dropped from £1.6bn in the third quarter to £1.1bn in the fourth.

There was a big jump in earnings from interest, profits and dividends within the invisibles balance to £1.1bn, from £599m in the third quarter.

However, economists said this was another potentially unsustainable figure. Mr Chris Dillow, UK economist at the Nomura Research Institute, said the sharp increase in net interest income from overseas was the result of a fall in the amount of profits paid to overseas investors which in turn reflected a fall in UK profits last year.

Further breakdown of the invisibles showed that the surplus in services, such as banking and insurance, shrank to £1.3bn in the fourth quarter from £1.5bn in the third.

The Central Statistical Office said the smaller surplus was mainly a result of a poor performance by Lloyd's, the London insurance market.

Overall exports of invisible items totalled £28bn, down from £28.8bn in the third quarter. Imports totalled £26bn, down from £27.7bn in the third quarter and down from £29bn a year ago.

A break down of capital flows showed that UK investment overseas slowed. However, inward investment increased with a strong uptake of government bonds.

The balancing item, which represents the discrepancy between the current account deficit and recorded capital flows into Britain, was a record £14.7bn

UK NEWS

Vauxhall car workers are offered 5.5%

By Michael Smith, Labour Correspondent

MANUAL WORKERS at Vauxhall, the UK subsidiary of General Motors, have been offered inflation-plus pay rises averaging 5.5 per cent after industrial action including an overtime ban.

The offer, which is being recommended by union negotiators, provides for rises of nearly 2 percentage points above the 3.7 per cent inflation rate for the year to last October, the settlement month. It would also guarantee the more than 8,000 workers inflation plus 0.5 per cent in the second year of the two-year deal.

The proposed settlement is higher than that recently won by 30,000 manual workers at Ford. They settled for 5 per cent in the first year and the same (inflation plus 0.5 per cent) in the second.

Like Ford, Vauxhall has resisted pressure for a cut in the working week. Rover and Jaguar last year agreed deals for 37-hour weeks, against the 39-hour industry norm.

Vauxhall managers would also secure union approval through the offer for a slowing in the growth rate of productivity payments.

Nonetheless the proposed settlement is considerably above the average in manufacturing industry, put by most pay research organisations at between 4 per cent and 5 per cent.

The offer was reached after more than nine months of negotiations, a long period even by the standards of the motor industry, which is renowned for protracted talks. It was delayed in part because of the wrangle over the size of the offer and because workers at Luton, where the company has one of its two car plants and a parts centre, were concerned about proposed changes in working practices and bargaining procedures.

These are similar to those agreed at Ellesmere Port, the company's Cheshire plant, two years ago. They included single-table bargaining, team working and cashless pay. The changes would trigger pay increases of about 5 per cent on top of the national deal.

The average 5.5 per cent rise under the national offer comprises 5 per cent for all manual workers plus £1.13 a week. Skilled day workers at present earn about £242 a week including bonuses.

Government plans to retire judges at 70

By Robert Rice, Legal Correspondent

THE government is proposing to reduce the compulsory retirement age for judges from 75 to 70.

In a letter sent to judges in England, Wales and Northern Ireland yesterday Lord Mackay, the Lord Chancellor, said: "I believe that the time has come to reduce the retirement age for the judiciary, and also to introduce a standard retirement age for all judges and judicial officers."

Lord Mackay intends that the new retirement age should apply to all those appointed to full-time judicial office after the change comes into force.

Judges who hold full-time positions on the day the change is made will be allowed to continue until the present retirement age of 75 provided they remain in the same job and are not promoted.

A change in the retirement age for judges will require primary legislation and so cannot be introduced until after the general election.

Japanese school to turn out 'international ladies'

By Bethan Hutton

THE JAPANESE property company Matsuzato is to open an academy for Japanese women, with fees of £30,000 a year, at a Victorian country house near Bury St Edmunds, Suffolk.

The school, the first of its kind in the UK and probably in the world, aims to produce graduates who are "international ladies", fluent in English and comfortable in the world of international business and diplomacy. The first 20 prospective "international ladies", aged from 18 to 46, will arrive next month.

Matsuzato, which already owns a golf course near Bury St Edmunds, has spent about £5m on the refurbishment of Nowton Court, which was once a prep school and is now renamed St Edmunds Ladies College. Five carpenters were flown from Japan to construct a tea house, complete with *tatami* mats, and the chef was sent to Tokyo to learn the basics of Japanese cuisine.

The idea for the project came from Mr Kanji Kusanagi, president of Matsuzato, who was disillusioned with the Japanese education system.

Mr Teruhiko Fujiwara, who represents Matsuzato as director of administration at the school, said: "The company president found it too rigid. It is his dream to have a school which is not so rigid, not restricted in the Japanese style of education, more relaxed and international."

English will be the main subject on the year-long course, but the students will also take lessons in current affairs, menu planning, dance, golf and "protocol".

Most Japanese think of Britain as "the country of ladies and gentlemen", as the school prospectus puts it – an ideal place for the education of refined young ladies. But St Edmunds insists that it is an academic institution rather than a finishing school. All students will work towards recognised English certificates.

Resident tutor Ms Helen Ledgard agrees that at £30,000 the fees are high, but believes they offer good value. Full board and tuition, three European tours a year, other trips and activities are all included. The college is intended to be non-profit making.

By comparison, boarders' annual fees at Cheltenham Ladies' College are just more than £10,000 and at Roedean £10,700 – although the holidays are longer and conditions not so luxurious. At St Edmunds students will each have a private bathroom. Language schools in London offer full-time English courses for about £12,000 a year, but not including travel and accommodation.

More than 20,000 Japanese come to Britain to study each year and the majority are women, according to the education officer of the Japanese embassy in London. He said: "Male students are quite often sent by companies, but female students support themselves. I think there is rather strong motivation for women these days because they want to pursue their own careers."

Young Japanese women often have relatively well-paid office jobs but live with their parents, saving most of their salaries for foreign travel and shopping.

St Edmunds expects to have many students who will fund themselves, as well as younger women whose parents will pay. It also thinks companies may enrol employees in the future.

The school admits that most students are less likely to see themselves as future ambassadors than as wives of diplomats or businessmen, but Ms Ledgard hopes to "develop their personalities, give them an all-round education and enhance their confidence".

Class tutor: Helen Ledgard at the new St Edmunds Ladies College. Fees are £30,000

Borrowing prospects set City nerves jangling

Peter Marsh on how economists view the chancellor's options

BUDGET '92

AS Budget day approaches, the City is getting twitchy. While a week ago the consensus was that Mr Norman Lamont, the chancellor, could risk a "give-away" Budget next Tuesday in the cause of strengthening the Conservatives' re-election chances, many private-sector economists are now not so sure.

Reflecting this sentiment, financial markets in the past few days have looked jittery. Sterling has slipped, while gilts have lost about 2 points over the week.

One worry is that Britain's public sector borrowing requirement (PSBR) looks certain to rise sharply during the next two years, partly because of tax cuts likely to be announced on Tuesday.

Another concern for the markets is that opinion polls have shown strong support for the Labour party. Many economists think a Labour government would push up borrowing still more, jeopardising sterling's position in the European exchange rate mechanism (ERM).

Mr Peter Spencer, UK economist at Shearson Lehman Brothers, the US investment bank, says: "From a City perspective, a high PSBR is all very well if a Tory government is re-elected. But if it simply opens the door to new borrowing under Labour, then it's a different kettle of fish."

The view among many economists remains that Mr Lamont will inject up to £4bn into the economy, with £2bn of this coming from a 1p cut in the 25p standard rate of income tax. Other sweeteners could include a rise in child allowances, aid to industry through increased tax relief on investment spending and a cut in the 10 per cent special car tax to help hard-hit carmakers.

With Britain suffering the longest recession for 50 years, and the possibility of a general election in the next month, generosity of this sort is not hard to justify. But while Mr Lamont could argue that such a stimulus is needed to revive the economy, the effect on the long-term PSBR trend has started to worry some financial analysts.

Britain's need to borrow on financial markets through issuing gilts is rising anyway, partly because of the £11bn extra public spending for 1992-93 which Mr Lamont unveiled in his Autumn Statement last November.

The recession has reduced tax income and pushed up spending in areas such as unemployment benefit. Any additional government spending will increase its need to borrow.

Consequently, the PSBR is thought likely to rise from about £12bn in the fiscal year ending on March 31 to roughly £25bn in 1992-93. In 1993-94 it could reach about £35bn.

Many economists are not too uncomfortable about such figures, arguing that they represent only 4 per cent to 5 per cent of gross domestic product, which is not high historically. Also Britain's ratio of debt to GDP is less than in many other comparable economies, giving it more leeway to relax controls on spending when the economy is under strain.

Others say Mr Lamont is virtually forced to follow an active fiscal stance if he wants to boost the economy, as large cuts in interest rates, now at 10.5 per cent, are ruled out by ERM membership.

Sir Fred Atkinson, a former chief economic adviser at the Treasury, says: "Britain still has fiscal freedom. Mr Lamont might as well use it."

Added to this is the likely political effect of a generous Budget. Mr Michael Saunders, UK economist at Salomon Brothers, the US investment house, says: "A give-away Budget runs less of a risk of unsettling markets than one that is lacklustre or modest."

Looking further into the 1990s, however, some economists see little likely improvement in the PSBR figures.

Mr Malcolm Roberts, a bond specialist at UBS Phillips & Drew, the Swiss-owned bank, thinks the PSBR could shoot up to £40bn in 1993-94 and £50bn in 1994-95. If this happened Britain might have trouble finding buyers for the gilts it would need to issue to fund the borrowing. Interest rates might have to rise to make the gilts more attractive.

Some argue that if the PSBR rose to unacceptable levels, sweeping tax cuts – the goal of many Tory supporters – could become still more difficult to push through.

Professor Patrick Minford, a monetarist economist at Liverpool University, says: "The government has given up trying to control public spending; they've let the horse rip."

The debate remains, too, about to what degree next week's likely cuts in income tax are appropriate from an economic point of view, rather than as a vote-winning gambit.

Ms Ruth Lea, UK economist at the London office of Mitsubishi Bank, the Japanese investment house, says: "If you want a quick economic kick, a tax cut is probably appropriate. But for the longer term, extra money on public-sector investment [in areas like roads and railways] might be a more sensible way of putting money into the economy."

For all the talk about figures, many in the City will be looking next Tuesday not so much for the statistical detail in Mr Lamont's Budget statement but for the way he presents it with a view to influencing voters.

Mr Kevin Gardiner, an economist at S.G. Warburg Securities, the UK investment group, says: "Make no mistake, this will be straightforward electioneering Budget."

FINANCIAL TIMES
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Weekend March 7/March 8 1992

What to do with tax cuts

HOW SHOULD canny FT readers respond to whatever tax cuts may be offered by Mr Norman Lamont in Tuesday's budget? Should they spend the money. in anticipation, or should they remain in a frugal state of mind?

Frugality would be much the wiser course, for three reasons.

- Mr Lamont's budget will be one of two fiscal manifestos on offer, each of which has, on recent polling data, an equal chance of being enacted;
- the Labour version of the budget will be bad news for many FT readers; and
- even the Conservative version may offer less than meets the eye.

The figures for next year will drown in red ink. Worse, that red ink will stretch far into the future, even if the Treasury dares not say so. Both sides will try either to explain or to forecast the prospective deficits away. When presenting a forecast for the public sector borrowing requirement in 1992-93 of perhaps as much as £30bn (5 per cent of gross domestic product), before deducting privatisation receipts of £8bn, Mr Lamont will point to the state of the economic cycle. Meanwhile, John Smith will claim that *Labour will "borrow to build"*.

Treasury forecasts will, no doubt, show declining public sector borrowing requirements for subsequent years. Such forecasts should be viewed with suspicion. The Treasury's forecasting record has been poor over the past few years. Continued poor fiscal performance in the medium term must be deemed quite likely.

Accept, for the moment, that the starting point will turn out to be a deficit next year within spitting distance of 5 per cent of GDP. What are the chances that the deficit will subsequently decline, without discretionary tax increases?

Real growth

The government forecasts for the real growth of general government spending between 1991-92 and 1994-45 were slightly over 3 per cent a year in real terms. Everything suggests that this is likely to be an underestimate.

Since economic growth has been worse than expected, unemployment will be higher. Public sector pay is being treated generously. Public spending plans also always overshoot. Moreover, having permitted a £5.6bn increase in the planning total for 1992-93 and a £13bn increase for 1993-94. by comparison with plans presented a year earlier, Mr Major's government has already shown itself to represent Thatcherism, minus tight control over public spending.

Meanwhile. Mr Smith represents a party that believes passionately in public spending. He is unlikely to do better.

More fundamentally, pressures for more public spending are becoming intense. Hospitals, schools, roads, public amenities, public sector pay, pensions, childcare, child benefit, all clamour for attention. It took a torrid economic expansion and the personality of Mrs Thatcher to stem the tide. Neither Mr Major nor Mr Kinnock looks likely to do as well.

Revenue figures

Turn, then, to revenue. Here all depends on the prospective rate of economic growth. If the UK economy is in a recession, with economic growth at faster than trend rates in prospect, then there will be no problem. Revenue normally grows faster than real GDP. The effect on the budget deficit is particularly marked when growth exceeds trend, since unemployment-related spending then falls. Should the economy grow at, say, 3 per cent a year from now, then growth in revenue is likely to exceed the likely growth in public spending.

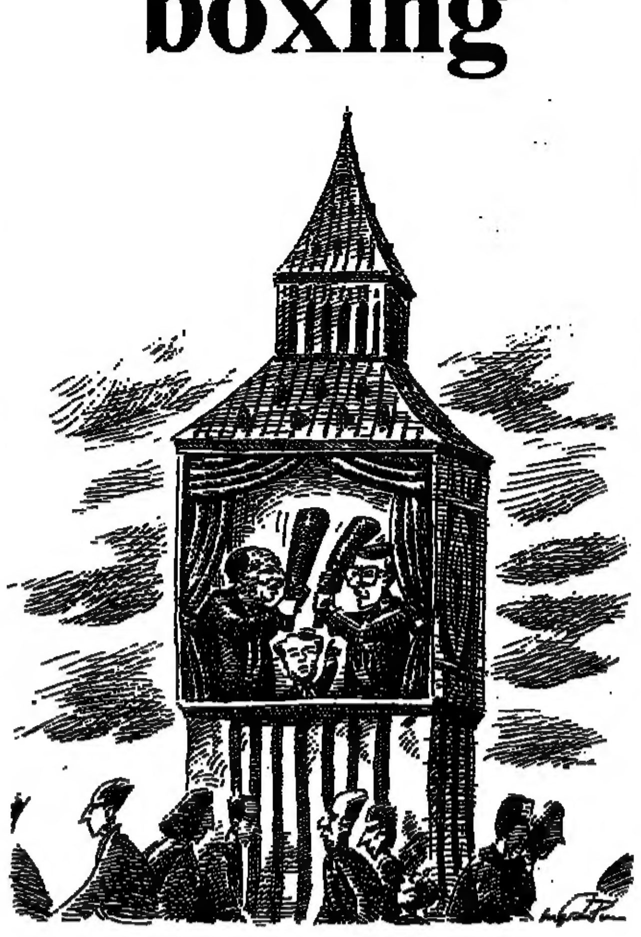
Things are unlikely to turn out that well. The still deflated state of the US economy, despite a discount rate of 3.5 per cent, holds a warning for the debt-deflated UK economy where short-term interest rates are 10.5 per cent. German short-term interest rates are likely to fall over the next year, but a decline of more than a percentage point seems unlikely. Finally, the interest rate differential *vis-à-vis* Germany is already at an historic low. Should the trade deficit deteriorate and the credibility of the ERM commitment be questioned, then the interest rate differential might rise once more.

One city economist, Mr Bill Martin of Phillips and Drew, has estimated what no economic growth in 1992, followed by growth of 1¾ per cent a year between 1993 and 1996, might mean for the public finances. The conclusions are sobering. Without adjustment of either taxation or spending, the PSBR reaches 7-8 per cent of GDP by 1994 and stays at that level thereafter. Gross public debt would exceed 60 per cent of GDP by 1996.

Labour might claim that the red ink was caused by increased investment. The Conservatives might point to cyclical factors. Neither argument would wash. A PSBR on anything like this scale would demand retrenchment. Tax cuts might be on offer next week. A prudent tax-payer should view them as temporary, whether advertised as such or not.

Shadow boxing

Negative campaigning is the reigning vogue, writes **Philip Stephens**



We have at last reached the final act. Soon the electorate will have its chance to write the *dénouement*. On Tuesday, Mr Norman Lamont will launch the Conservative election campaign with a tax-cutting Budget. In 48 hours – and quite probably sooner – Mr John Major, the prime minister, will ask the Queen to dissolve parliament to pave the way for an April 9 election. It will be the first election since the 1970s in which the occupant of Number 10 Downing Street cannot be sure of the outcome.

At Westminster this week, fever mingled with farce as the opinion polls fuelled the dangerous uncertainty. The Conservatives and Labour are still neck-and-neck with a fraction less than 40 per cent of the vote. Mr Paddy Ashdown's Liberal Democrats, a couple of points adrift of 20 per cent, at present hold the balance.

So Mr Major swapped increasingly angry insults with Mr Neil Kinnock across the Commons despatch box. The government showered marginal constituencies with taxpayers' money and Mr Kenneth Baker bid for the gamblers' vote with plans for a national lottery. Labour paraded disenchanted hospital consultants to support its charge that the health service reforms put cash before care. The Liberal Democrats stole a dubious headline with a public claim to be the party of the pet-owner.

On Thursday night in Downing Street, Mr Major was joined by his ministerial "A" team to put the final touches to a manifesto which insiders say will "catch the mood of the country". Thatcherism will survive in plans for tax cuts, in an emphasis on personal choice and incentives to ownership; Majorism will manifest itself in an accent on "quality of life" issues with a commitment to responsive public services.

The "A" Team stars chosen to sell the package to the voters are Mr Chris Patten, Mr Michael Heseltine, Mr Douglas Hurd and Mr Kenneth Clarke. One of them calls it "Thatcherism with a human face". For another insider: "It has some good new things but it cannot be sold as a 'change the world' manifesto."

Labour too has settled on its message, even if the intricacies of the party's constitution mean that the manifesto cannot formally be written until the election date is announced.

Its traditional status as guardian of the welfare state is to be underpinned by the grey-suited sobriety of Mr John Smith's approach to the economy. Investment, skills training and technological advance will pay for better health and education and for a more compassionate approach to the underprivileged.

The prospectus will emphasise a consensual, rather than confrontational, approach to economic revival; an overhaul of the nation's crumbling constitutional architecture; an emphasis on the role of society as well as that of the individual. The leading salesmen for this moderate modernism will be Mr Smith, Mr Gordon Brown, Mr Tony Blair and Mr Robin Cook. What they will be selling, one of them says, is "European social democracy".

The contrasting themes will provide the backdrop for the campaign war but they are unlikely to dominate the headlines. As a Conservative insider puts it, an election more closely fought than any since the 1970s will also be more unpleasantly fought.

For all the talk about competing visions of the future, both sides acknowledge that in a phoney war lasting almost a year neither has succeeded in catching the popular imagination. The vogue is negative campaigning.

Chatting in the lobby of the House of Commons this week, a senior member of Labour's team explained why he was confident that in a matter of weeks he would be sitting at the cabinet table. There was no mention of the avalanche of policy documents in which his party has set out a more detailed programme than any opposition in living memory.

The outcome, he confided, would depend on "whether the voters' determination to get them out exceeds their desire to keep us out". After weeks touring marginal constituencies, he was sure that resentment at what he called the Conservatives' mismanagement of the economy outweighed the fear of a Labour government.

At the heart of Mr Major's campaign will be an effort to maximise that fear. It will start with the Budget.

Framing an electorally attractive package which will leave the government with a still credible claim to be the party of prudence has not been an entirely smooth process. Mr Lamont and Mr Major are said to have exchanged harsh words on how to strike that balance at a Downing Street summit 10 days ago.

But they have now agreed on a package combining an immediate cut in income tax – a downpayment for the voters – with a series of measures signposting more radical reductions across the tax system after the election.

So the campaign will start on Conservative ground. Mr Kinnock, who has promised consistently that only the affluent will pay more tax under a Labour government, may be forced to repudiate any Budget tax cuts for those much lower down the income scale. As a senior minister puts it: "It will define the campaign. If you want more money in your pocket, vote Conservative."

The message will be rammed home with an escalation of the offensive that Mr Patten launched in January against the tax "bombshell" implied by Labour's commitments to higher public spending. In the marginal constituencies of southern England, voters will be reminded again and again of the opposition's plans to abolish the £20,000-a-year income ceiling on national insurance contributions. Then there is its proposal to limit other tax allowances and to extend NICs to income from savings.

Mr Patten's timetable has this phase of the campaign lasting for a week to 10 days. The aim is to steal an initial march in the opinion polls and to destabilise the opposition before moving on to other Conservative issues such as the trades unions, defence and law and order. Tax and spending are pencilled in again for the last week of the campaign.

The plan envisages that for most of the time Mr Major will stand above the fray. His strength lies in his experience in Downing Street and his popularity in the high street. He will be sold as the prime minister who is just as much at home on the doorstep in Bolton as he is striding the international stage with George Bush in Washington or Boris Yeltsin in Moscow. He has proved his worth and now deserves his own mandate.

This though will not be the sort of election campaign susceptible to advance scripts. It is too close to be predictable. Labour and the Liberal Democrats have their own competing blueprints. This is the first election since 1974 that Labour is convinced it can win; and the first since the same year in which the third party has a chance of emerging with the balance of power.

Mr Kinnock is ready to fight the first week of the campaign on the Budget package: but he will focus on the economy. As the Conservatives seek to scare the voters over tax, Labour intends to fan resentment over the recession. Time for a change is an old slogan but still perhaps Labour's most powerful.

The view in the shadow cabinet is that tax cuts have been largely discounted by the electorate. Mr Kinnock is convinced that the elision he has made between lower taxes and higher borrowing has discredited in advance the case for a pre-election give-away. If the voters have learned anything from personal experience during the boom-to-bust of the past five years, it is that after the party comes the hangover.

So Labour's pitch will be that anything promised before the election will be taken back afterwards. That its promise to "build" rather than to "bribe" offers the only real prospect of sustained economic recovery.

So whatever Mr Lamont offers in tax cuts, Mr Smith will pledge to spend on investment and training, the health service and education. Beyond that, the shadow chancellor remains committed to the core of his tax package – abolishing the NICs ceiling and raising the top rate of income tax to 50 per cent – he might yet decide there was scope to phase the increases.

Labour will then seek to shift the campaign to its agenda – the health service, education, poverty. For every Conservative horror story about tax, there will be a Labour one about a child denied a hospital bed. As one of Mr Major's strategists put it: "In the end there will only be two issues: tax and the NHS."

After a year of near-permanent electioneering it is a less than edifying prospect. The Budget looks likely to hand back the initiative to the Conservatives, but the *dénouement* is as easily predicted as the first national lottery winner.

In defence of his realm

George Bush is vulnerable on his right flank, writes **Jurek Martin**

First there was Nelson Rockefeller, then Richard Nixon, briefly Gerald Ford and last Ronald Reagan. For 25 years, these lions of the Republican party – three presidents and one who might have been – were George Bush's political patrons. He served them well and was rewarded with posts from Beijing to Langley, Virginia. Even when finally elected in his own right four years ago, as qualified, by dint of public service, as any man ever to make it to the White House, he did so principally as keeper of the Reagan flame in a mean campaign designed by those who had long served his predecessor.

Now Mr Bush is on his own. He can blame Congress, Saddam Hussein and Japanese food for his troubles, and he might even think privately that the men around him are no longer lean and hungry. But it is his own presidency he is defending, not somebody else's. It follows he has to define his presidency – and therein lies the rub, because he is not doing it very well in this election year.

He is mostly not doing it well inside his own party. This is less surprising than it appears, for the challenger, Pat Buchanan, is, in his way, as much party mainstream as the president. For, ever since Barry Goldwater's shock troops howled down Nelson Rockefeller at the Cow Palace in San Francisco in 1964, the activist soul of the party has been on its right flank.

Goldwater was extreme enough – and beaten badly enough in 1964 by Lyndon Johnson – for Nixon and Ford to keep the right at bay, though Reagan nearly ousted Ford for the nomination in 1976. But, once Reagan was in office, the hegemony of the right was not in dispute. The agenda was theirs, they licked the envelopes, mounted campaigns and pushed through the sort of policies that Mr Bush himself, when trying to thwart Reagan in 1980, once derided as "voodoo economics". Pat Buchanan now leads them and George Bush seems to think that he cannot do without them. The trouble is that they neither like nor trust Mr Bush; they never have, because he has never really been one of them.

Yet it must be surprising that the president should be rendered so vulnerable by a political tide which, no matter how pugnaciously swept along by Mr Buchanan, surely has passed its national high-water mark. The country may be angry, but there is no evidence it now wants Mr Buchanan's alternative agenda. The public's plague is on all political houses in Washington, not just the white one at 1600 Pennsylvania Avenue. It is surely no coincidence that the Democrats doing best in their primaries – Clinton, Tsongas and Brown – do not live in the nation's capital.

George Bush's problem seems to be that he does not quite know how to deal with this. It might be thought that his coolness under pressure during both the Gulf war and last August's abortive coup in Moscow would have taught him some lessons. But the current approach is a frantic, frenetic defence of his realm built more on the expediency of the moment than any sense of what he wants to do or thinks is right. It is not so much the absence of "the vision thing" as what he offers instead that is sometimes alarming.

Thus, in confessing this week that he was wrong in 1990 to drop his election pledge never to raise taxes, his principal justification was that he had got a lot of political flak for doing so, and, *ipso facto*, must have been wrong. His critics had a field day – "flip, flop and flip" joked the Washington Post. "In a single utterance, he managed to tarnish his own good deed and reveal an appalling lack of conviction," declared the New York Times.

The willingness to cave in to pressure from special interests – as when the fundamentalist right induced the president to get rid of the mildly liberal head of the National Endowment for the Arts on the grounds that he condoned pornography – is not exactly the principled George Bush Saddam Hussein came to know and love.

His sometimes farcical attempts to reveal a common touch are threatening to become the stuff of political legend, comparable to Jimmy Carter's epic battle with a swamp rabbit. The fractured syntax even exceeds the worst of Ford and Reagan and is becoming shrill. Mr Bush is being laughed at, not with, always a dangerous sign for any politician.

There is another barely subcutaneous concern about the president, which is the state of his health. He pursues politics, policies and leisure like there is no tomorrow, but he only has to collapse one more time and what is now politely called vulnerability may come more to resemble terminal frailty. But none of those Republicans in the wings – James Baker, Dick Cheney, Phil Gramm – can or will make a pre-emptive move. Dan Quayle does not have to.

And yet, for all the actual and potential disasters and *faux pas*, Mr Bush remains the favourite to win in November. Pat Buchanan cannot knock him off the Republican perch and the Democrats cannot be certain they have yet found the candidate to fly rings round him all over the country. Meanwhile, "the American people", invoked this year as in every election for their wisdom, tolerance and nobility, wait, and wait, and wait.

MAN IN THE NEWS

Alija Izetbegovic

Former rebel with a pacifist cause

By Judy Dempsey

The route from Sarajevo, capital of Bosnia-Hercegovina, northwards towards Croatia, is marked not only by road signs but by Serb Orthodox church domes, Moslem mosques, and Catholic spires.

Despite the religious and cultural diversity of the industrial heartland of Yugoslavia, there *are few political slogans or* flags extolling the Bosnian parties representing these three communities. It is a world apart from the other side of the River Sava, where flags proclaim the nationalism of President Franjo Tudjman's ruling Croatian Democratic Union.

Unlike the neighbouring presidents of Serbia and Croatia, Mr Alija Izetbegovic, the Moslem president of Bosnia, has refused to play the nationalist card since winning office in November 1990. Mr Izetbegovic is astute enough to know that nationalist symbols can divide, not unite, the fractious communities over which he presides.

But holding Moslems (44 per cent of the 4.3m population), Serbs (33 per cent) and Croats (17 per cent) together in a fragile peace has been put to the test this week. Territorial ambitions by Serb and Croat nationalists in Bosnia-Hercegovina have brought the republic to the brink of civil war. Armed gangs of Serb extremists formed barricades around Sarajevo on the pretext of seeking justice for the murder of a Serb at a local wedding. In reality, they were protesting against the overwhelming vote for independence from the rump Yugoslav federation by Bosnia's Moslems and Croats.

The sight of the barricades sent ripples of panic and fear through the capital's bazaars – once ruled by the Turks, and later the Hapsburgs, and where Serbs, Croats, Moslems and Jews have co-existed for centuries. But Mr Izetbegovic, determined not to be intimidated by the Serbs, or provoked by a younger generation of Moslems urging him to take a tougher line, adopted an almost Gandhi-like, pacifist response.

After talks with Serbian leaders, and peaceful demonstrations, the barricades were lifted. It was a telling example of how this once rebellious writer's adherence to a philosophy of patience and tolerance can cool tempers and defuse an explosive situation.

It would have been understandable had this small, soft-spoken, 66-year-old writer and lawyer used his office to seek redress for present and historical grievances against Moslems. In the mid-19th century, his ancestors were expelled from Belgrade, capital of Serbia, after a constitutional clause was enacted banning Moslems, Jews and gypsies from living in the city.

Mr Izetbegovic's grandparents settled in Samac, on the Sava, then moved to Sarajevo. There, the young Alija, born in 1926, witnessed several Serbian massacres of more than 100,000 Moslems during the second world war. At the age of 20, he had a brush with the communist authorities for his political activities, for which he received a three-year prison sentence. On release, he completed his law studies at Sarajevo university, and worked as a legal adviser for two large Bosnian enterprises.

In 1983, he was sentenced again – this time for 14 years, commuted to five – for writing the "Islamic Declaration", a political tract which sought to reconcile European democratic principles with (Sunni) Islamic teaching. He was released in November 1988 and founded the Moslem-based Party of Democratic Action which won the most seats in the republic's first free parliamentary elections in November 1990.

"He is aware of the bloody history of the Balkans," says a close friend from his university days. "He knows that instability in Bosnia-Hercegovina has always provided opportunities for satisfying the territorial ambitions of Croatia and Serbia. Both have traditionally vied for influence and expansion into this republic."

That partly explains why Mr Izetbegovic has declined to side with either Bosnia's Serbs or Croats. "He tries to have good relations with both communities so as to preserve the traditions of co-existence in Bosnia," says another government minister. Other officials argue that the Moslems will be forced to seek their own state to protect themselves from Croat and Serbian territorial ambitions.

Mr Izetbegovic rejects this idea. "Our home is in Europe, and not in a fundamentalist state. My aim is to have an independent, democratic republic which conforms to European standards."

His friends support this view. "I used to think that Izetbegovic was politically naive, that he would be trampled upon in such a way he would be radicalised," one of them says. Another friend says: "I slowly realised that he had a different sense of time, preferring to negotiate, rather than react. He believes there is always a tomorrow, and that time is on his side."

Over the past few months, it often seemed that time was running out for Bosnia's Moslems. President Tudjman and President Slobodan Milosevic, the Serbian leader, have been fomenting instability in Bosnia-Hercegovina so as to divide the republic among themselves, Mr Izetbegovic says simply: "This should not happen."

At the same time, the federal Yugoslav army has been withdrawing from war-torn Croatia and moving into Bosnia. The republic risks becoming a huge garrison for discontented, mainly Serbian, soldiers who might be tempted to side with Bosnia's Serbian population if there is an outbreak of violence. Mr Izetbegovic is sanguine, however. "We will talk to the generals. I am not so sure that the army will side with the Serbs."

This strategy of negotiation has paid off so far. This week, General Milutin Kukanic, head of the federal army garrison in Sarajevo, declined to join the Serb barricades.

Mr Izetbegovic is hoping, with the army on the sidelines temporarily and a referendum to support him, that the European Community will recognise Bosnia's independence. He believes this will prevent Croatia and Serbia from trying to divide Bosnia and setting up cantons based on ethnic communities – an impractical objective given the complex ethnic patchwork of the republic.

"Our independence must be recognised, and it must be backed by the deployment of United Nations peace-keeping forces as soon as possible," Mr Izetbegovic said recently. So far, the UN is deploying 13,000 troops to keep the peace in Croatia; only the administrative headquarters will be in Sarajevo. "If the UN forces were sent, the tension would decrease," the president says.

This weekend Mr Izetbegovic will again put his case for the recognition of the republic to the EC in Brussels. "What more can we do?" asked a close colleague of the president. No doubt, he will get a sympathetic hearing. But it may be that that is all he will get.

Questionable guarantee of the pensions pot

John Plender examines the legal loophole which allows trustees to close funds or change the rules

For the 13m members of Britain's occupational pension schemes, the looting of the Maxwell pension funds has raised awkward questions about the nature and safety of pension rights. There may not be further frauds on the scale perpetrated by the late Mr Maxwell. But many pension fund members have been uncomfortably reminded that they have little or no say over their second-largest investment after home ownership; and that the employer can have a worrying degree of discretion and control.

The plight of the workforce and pensioners within the Melton Medes group (see below) clearly demonstrates the inherent risks in the present system. The prime duty of pension trustees is to exercise their powers in the best interests of present and future pensioners. Yet in practice, the directors of the company usually constitute a majority or all of trustees. And while pension fund assets are nominally separate from the finances of the employer, they are increasingly becoming intertwined as companies tap pension fund surpluses by ceasing to make contributions or by extracting money directly.

Trust law, under which most pension funds are governed, was not designed to cope with this fundamental conflict of interest in which the employer – the original "settlor" of the trust – retains an ongoing financial interest in the fund. And despite warnings from such authorities as the Wilson Committee on the financial system and Professor L C B Gower, author of the government's review of investor protection in the early 1980s, regulation remains patchy.

The difficulty experienced by the workers at Melton Medes in extracting information from the trustees is not unusual. Nor is there anything in the government's existing regulations that specifically prevents the investment practices undertaken by the Melton Medes trustees which involved obvious conflicts of interest. The whole system is dangerously dependent on the goodwill of trustees. And that goodwill is being sorely tested in the present recession, when the temptation to tap the pension fund could become overwhelming for overstretched companies.

The prohibitive cost and legal obstacles involved in seeking remedies have long been recognised. Sean Hand, of City solicitors Cameron Markby Hewitt, quotes the 1982 report of the Occupational Pensions Board which said: "The ability of beneficiaries to obtain redress of grievances against trustees is one of the most unsatisfactory areas of present trust law."

The report of the Commons select committee, due on Monday, will call for legislation and get it in due course. But tighter regulation should not be the end of the story, because the real issue is control. The moral justification for the employers' continuing control of this £300bn pot of money is that they guarantee the solvency of the funds. Yet the guarantee is meaningless, since most trust deeds permit the trustees to close the fund or change the rules. Ask yourself, too, what such a guarantee might mean for pensioners at Melton Medes after reading the piece below.

Clouds on the retirement horizon

Richard Donkin and **John Plender** on a classic case of fund stripping

Northern discomfort: clockwise, Nathu Ram Puri, James Philpotts and Victor Edwards

Victor Edwards, a 57-year-old foreman at Greenfield Mill on the Lancashire side of the Pennines, has spent most of his working life with the same company, paper maker Robert Fletcher. For most of that time Fletcher was a subsidiary of Imperial Group, a paternalistic employer celebrated for the generosity of its pension benefits. But the company, whose paper is used in cigarette making, has now changed hands; and with eight years to go to retirement, Mr Edwards is worried, both for himself and his fellow workers.

The problems started at the time Imperial was under threat from a hostile takeover by Hanson, the acquisitive conglomerate. Imperial was keen to dispose of the mills; and when they were parcelled up individually for sale in early 1986, the workers were asked to consent to their pension rights being transferred to two new funds. This they did, despite misgivings, on the basis of assurances by the Imperial management that safeguards would be maintained and that benefits would be at least as good as those in the old schemes.

The buyer of both mills turned out to be Melton Medes, an unquoted Nottingham-based conglomerate run by Mr Nathu Ram Puri. Through Melton Medes and another company, Melham Holdings, this Indian-born entrepreneur has acquired large stakes in quoted concerns such as British Syphon Industries, Delaney Group and Marling Industries. Mr Puri has also attracted attention with unsuccessful bids for state-owned enterprises, including Rover Group and North East Shipbuilders. His approach to pension fund management is unorthodox.

Soon after the two Robert Fletcher mills changed hands, Mr Puri embarked on a classic exercise in what is known as pension fund stripping. First, the existence of a surplus was used to justify an immediate pension fund holiday, whereby company contributions into the funds were suspended. They remain suspended today. Then Melton Medes Pension Trustees, a company registered as an investment manager with the self-regulatory fund management watchdog Imro, took charge of the Fletcher pension funds. It was effectively controlled by Mr Puri.

The annual accounts of the company, audited by Kidsons Impey, declare each year that "the scheme funds are administered by trustees and are independent of the company's finances". Yet despite this assurance, and the earlier assurances from the Imperial management, the two Fletcher pension funds suddenly found themselves advancing a £5m loan to Melton Medes at the princely interest rate of 2 per cent. The only security was a second charge on the freehold properties of the Fletcher companies.

Those terms appear wholly uncommercial; and for Fletcher's Greenfield workers, the loan constituted more than 30 per cent of the total value of the pension fund in 1987, implying a dangerously unbalanced portfolio.

Members of the pension fund were completely unaware of this conflict of interest when the transaction was undertaken. Nor could they extract much information from the management and the trustees – effectively one and the same – about the safeguards that were supposed to be built into the new funds. They were constantly denied access to information. But when the Occupational Pension Schemes (Disclosure of Information) Regulations 1986 came into force, they provided a lever for the Greenfield foreman, Mr Edwards, to prise a set of fund accounts from Mr Puri.

"When I did see the accounts my worst fears were realised," he says. "I was shocked at what had happened. How could the loan and some of the investments be regarded in any way in the interest of the trust's beneficiaries?

'When I saw the accounts my worst fears were realised. I was shocked at what had happened'

"Any impression that my pension fund was protected with lots of safeguards for its future members had disappeared."

In 1987 Mr Puri and his two fellow trustees appear to have had second thoughts about the loan. The interest rate was raised from 2 per cent to the prevailing National Westminster Bank base rate. Yet that still appears to fall short of a commercial rate for a loan to an unquoted company secured by a mere second charge on less than prime property.

Today the loan has been repaid. But the pension funds have not been compensated by the company for the uncommercial terms on which their trustees advanced the money, thereby raising questions about a possible breach of trust. How were the trustees fulfilling their obligation to the beneficiaries, if the fund's biggest investment was yielding an uncommercial return in circumstances where the trustees were involved in a potential conflict of interest?

Mr Edwards and the workforce at Greenfield continue, meantime, to worry about the potential conflict of interest between Melton Medes' own investment activities and those of the pension funds.

Through Melton Medes Mr Puri has acquired substantial stakes in quoted companies whose shares have suffered mixed fortunes. One such is the diversified group Marling Industries. Melton Medes acquired its holding in Marling in 1988. Subsequently the two Fletcher pension funds and Melton Medes' own group pension fund have invested heavily in the shares. And in the year to end-June 1990 Marling emerged as the largest equity holding in all three funds. In the Fletcher Greenfield fund the holding accounted for no less than 9 per cent of the pension scheme's total assets. The risk in this overweight position in a company capitalised at a little more than £30m has since been underlined by Marling's results. In its latest half-year the dividend was cut, following a sharp fall in profits.

At the loss-making Delaney Group, in which Melton Medes and Mr Puri have a controlling stake, the Fletcher Greenfield fund acquired 75,000 shares when Mr Puri bought into the company in the late 1980s. It has been a disastrous investment, with the share price plunging from more than £1 down to 6p.

All this suggests that the pension fund members have good reason to be nervous about Mr Puri's investment judgment. According to the last published accounts of Melton Medes, the market value of its quoted investments, had fallen £8.7m below the book cost of £20.4m. The fund members might reasonably question, too, the use of their pension money in tandem with Mr Puri's wider corporate investments. How does this square with a trustee's overriding obligation to the beneficiaries?

Finally, the Greenfield pensioners might question whether the investment performance justifies a more than trebling of administrative costs, including management fees, to £174,000 between 1988 and 1989 for a £13m fund, the greater part of which was handled by an outside fund manager, UBS Phillips & Drew.

The Financial Times was unable to raise these issues directly with Mr Puri, because he was ill. But Mr James Philpotts, the chief executive of Melton Medes and a trustee with Mr Puri of the pension funds, said that the loan from the Fletcher funds to Melton Medes had been used to finance the Fletcher businesses, to which the parent company passed on the full benefit of the low loan rate. This, he said, had helped provide security of employment to the workforce.

That may be correct. But it fails to address the issue of the conflict of interest *vis à vis* existing pensioners. As for the pension funds' investments in companies in which Melton Medes itself holds substantial stakes, Mr Philpotts said "you do have your good ones and you do have your bad ones". On the overweight pension fund position in Marling Industries he saw "a commonality of interest" with Melton Medes. He added that he thought part of the holding had been bought direct from Melton Medes at market value, part in the stock market – though what the market value of large parcels of shares in such a small company might be is a moot point. Mr Philpotts did not believe that the management fees were unduly high.

These arguments do not impress Mr Edwards. His worries about the conflict of interest in Mr Puri's position are magnified by the present financial difficulties of the two main companies in his loosely-knit empire. Melton Medes' net debt of £48.7m, most of it short term, towered above shareholders' funds of £33.6m at end-1990. Melham Holdings, though profitable in the year to December 31 1990, had a deficiency of assets against liabilities of £2.1m after excluding goodwill.

The chances of the pension funds receiving compensation in relation to the uncommercial loan terms are also mixed. After an approach from Mr Edwards, the Graphical Paper Media Union has decided this week to take legal action on the pension fund members' behalf. But the potential cost of £250,000 is daunting. Union official Mr John Brough says: "Where problems are discovered in pension funds and where there appears to be a good case in law, we have to risk hundreds of thousands of pounds to fight the point in the law. The companies involved risk nothing, since their managers are invariably trustees and can defend any action from the fund itself."

Whatever the outcome, Mr Puri's pensioners will be worrying about their retirement prospects for some time yet.

LETTERS

Action groups at Lloyd's set out to assist, not to destroy

From Val Powell.

Sir, I read Tom Benyon's letter ("Lloyd's must be resolved without bitterness, abuse and rancour", February 25) with interest.

It conveyed the welcome message of a desire to control forces which have been let loose and, fanned by some sections of the press and an alliance of cross-party politicians, threaten to get out of control.

The Association of Lloyd's Members helped to create action groups to assist the loss-review inquiries in the discovery of the facts behind stricken syndicates' losses and then possibly to pursue their rightful recovery through the courts.

The apparent Outhwaite settlement confirms this course of action to be a valid procedure, and the action groups cannot be blamed for using tactics which they consider to be appropriate.

However, a word of caution: action group members presumably have no wish in so doing to destabilise the Lloyd's institution and, in particular, to destroy its customers' confidence.

To do that would surely raise the stakes to an unacceptably high level. Action group members who feel that there is a risk of this should register their views with their groups' committees.

Mutualisation is suggested as an alternative. The Lloyd's Council cannot impose this retrospectively on the majority of Names; nor does the E & 0 underwriters' agreement to an out-of-court settlement mean mutualisation by the back door. That is the response of a relevant policy to a claim disputed and subsequently settled.

If a substantial majority of Names feel that a solution to the current crisis is through mutualisation, they must make their views known.

The sums are likely to be substantial, however, as I suspect the Task Force has already discovered.

Val Powell,
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Soft commissions provide a vital motive force in stockbroking reform

From Mr Clive Sinclair-Poulton.

Sir, I read with interest your editorial on soft commissions ("Soft on soft commissions", March 3).

Since Big Bang, commissions have been fully negotiable and so are set at a level and a rate to meet the needs of the client. To ban soft commissions would mean that such negotiating cannot take place and so abandon one of the motivating forces behind stockbroking reform.

Soft commissions could be abused if the ultimate client was not aware of their use. Under Securities and Investments Board rules, however, the disclosure requirements are such that the client would be fully aware of their fund manager's approach to soft and how much they used it. With consultants now fully aware of the benefits of soft, they should ensure that their clients are provided with full information. With these rules and commercial disciplines in place disclosure is no longer an issue.

What you ignored is that some integrated houses' approach to soft commissions has led to a potential abuse of another cornerstone of Big Bang: best execution. That prompted SIB to question the integrated houses' ability to achieve best execution and so the entire review of the strengths of soft commissions and agency broking. By using an integrated house, fund managers are locked in and have little independent control over the price they can trade at. I believe that, without best execution, soft commissions should not survive and that the integrated houses approach has been a cynical attempt to use a weak definition of best execution to garner business.

You also ignore that benefits have passed on to the ultimate client. In another Greenwich Associates survey, they showed that the average fund management fee in the US (where soft is used much more) was 0.38 per cent, while in the UK it is only 0.19 per cent. Soft commissions should be used to control costs and so assist the ultimate client.

Finally, you ignore what should be the real questions raised by soft commissions. Why are agency brokers used, and how do the 87 per cent of commissions which are not soft benefit the ultimate client?

Clive Sinclair-Poulton,
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London fails to match Tokyo as a civilised city

From A P Moody.

Sir, May I challenge Mr Colin Amery's statement ("A test for taste and political judgment", February 24) that "as a civilised city to live in, London certainly scores higher than either New York or Tokyo".

I will concede New York. In the absence of any universally agreed measurement of "civilised", I suggest that, when applying yardsticks in the arts, science, culture, good government and, not least, the customs and manners of its inhabitants, Tokyo is significantly more civilised than London.

With regard to the first three categories (arts, science and culture) not only by definition is Tokyo the most civilised city for its natural inhabitants, the Japanese, but it also provides an ever-broadening array of such activities serving the many constituents of its foreign community.

With the last two yardsticks, good government and the customs and manners of its inhabitants, the interests of the local and foreign residents interlock. Government provides a city that functions impeccably and the local inhabitants observe standards of civility and courtesy that are largely unknown in London or in any other city in the world.

Avoiding subjectivity, I suggest the most objective data possible on what constitutes "civilised" is a measurement of its opposite – that is, the occurrence of violence between a city's inhabitants. The comparison between Tokyo and London provides unquestionable proof that a higher level of civilisation prevails in the former.

A P Moody,
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Fresh skills required when boardroom beckons

From Mr Jack Savidge.

Sir, At last, your article "The boardroom beckons" by Charles Batchelor (March 3) offers a potential board member practical insight into the appointment process. Let me add a few items to Henry Short's 10-point plan. These are drawn from the reality of serving as a non-executive board member for more than 25 American private and public, high-tech and no-tech companies.

The job is not easy: American litigators are just around the corner, the toil to facilitate change takes patience, and often the cross-cultures of the boardroom are tedious. However, if we do it well, the share value for the smallest shareholder will be increased. The coupling of effective directors to management through the boardroom is the most under-utilised process of our corporate world.

My additions to Short's list:

- Understand the history and status of shareholder ownership.
- Take steps to establish the business background of the existing board members.
- Negotiate your director fee before appointment.

Mr Batchelor says that a director "should be informed" to participate at meetings. The commandment I follow is: "The director knew, or should have known." That really demands doing your boardroom homework.

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Bleak picture of Rhondda Valley leaves out local vision

From Mr Philip J Head.

Sir, Michael Cassell's article ("Good vibrations in Birmingham, but who will help Rhondda?", February 27) paints a bleak picture of the Rhondda Valley.

No one would argue that this area and others within the South Wales valleys have their economic problems, the majority of which are the result of the decline of the traditional industries of coal and steel.

However, it is important that readers see matters in context.

The Welsh Development Agency is responsible for what is Europe's largest land reclamation programme.

Vast areas of the valleys, once scarred and redundant, have been brought back to profitable use. By the mid-1990s, all major sites of dereliction will have gone. Working with local authorities, and in some cases with the private sector, the WDA is helping to create towns and landscape which will make the valleys a more attractive place for investment. The policy is already paying dividends.

So far this financial year, private sector companies have committed themselves to invest £102.6m in 36 new or expansion projects in the valleys – a significant increase on both counts on comparable figures for the previous year.

These companies – even during a recession – are demonstrating that the valleys have a brighter future.

Our own faith in a rebuilt local economy is exemplified by – among other projects – the ongoing construction of the first office accommodation we have ever undertaken in the Rhondda. Fittingly, the 25,000 sq ft project is under way on the landscaped site of old coal working at Clydach Vale.

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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Reduction for Maxwell pensioners

By Maggie Urry

MORE THAN 4,000 Maxwell pensioners are to see their pension payments cut after June this year. The pensioners may suffer falls in income of a half to three-quarters.

These are the first people to be told of reductions in their pensions as a result of the £450m shortfall in the various Maxwell pension schemes discovered after the death of Mr Robert Maxwell, the publisher, last November.

A similar number of people who have not yet retired will see the value of their deferred pensions fall as well. The people affected are the 8,500 members of the Maxwell Communication Works Pension Scheme (MWS) who have never worked for Mirror Group Newspapers. Another 2,500 members of the scheme who have worked for MGN will not be affected.

MGN became responsible for the MWS scheme in 1989 when pension schemes from nearly 90 companies, nearly all engaged in the printing industry, were consolidated into one scheme. MGN became the "principal employer" for the scheme, although only about 800 of the members were working for MGN at the time.

The MWS scheme had assets of £155m but a substantial proportion of the schemes assets were diverted, leaving a small fraction of the total. Since the losses were discovered MGN has been financing the pension payments. However, MGN says it can no longer afford to finance these payments without jeopardising the pensions of its own employees.

MGN said yesterday it would institute an appeals procedure and open a telephone hotline for pensioners who feel they have been wrongly excluded.

The MWS scheme will continue to pay reduced pensions from its remaining assets and any assets recovered will go towards making up those shortfalls. MGN said pensioners would be entitled to the state guaranteed minimum pensions.

Concern grows over lack of MGN sale

By Raymond Snoddy

DIRECTORS OF Mirror Group Newspapers are increasingly concerned about the lack of progress in finding a new owner for the popular newspaper group.

Disquiet has been expressed to Mr John Talbot, the administrator responsible for the late Mr Robert Maxwell's controlling 51 per cent stake in MGN. The stake is effectively held by major banks because it was pledged as collateral to cover Maxwell debt.

In January Mr Talbot ruled out an early disposal saying that consideration would be given to the timing of any sale "when comprehensive information is available from the board".

Sir Peter Parker, chairman of a management buy-out team believes that delay could cause instability and damage the group. It is a view shared by at least some of the senior directors of MGN.

There is also concern about the large financing charges and fees going out of the newspaper company while it essentially exists on a drip-feed.

It is believed that MGN had to pay about £11m in charges to roll over debt. Fees from National Westminster Bank alone are believed to be running at the rate of £150,000 a month.

There were unconfirmed rumours last night that Mr Tony O'Reilly, the Irish publisher and businessman and a potential purchaser of MGN planned to meet union representatives prior to the England-Wales rugby match at Twickenham today. Mr O'Reilly is a former Irish rugby international.

Full cash alternative more important than increased share offer

Redland raises stakes in Steetley bid

By Andrew Taylor, Construction Correspondent

REDLAND yesterday delivered what it hopes will be a knockout blow by increasing its share offer and providing a full cash alternative for Steetley, its rival building materials group.

Redland is offering 87 of its shares for every 100 Steetley shares, valuing its target at £624.7m or 388.9p a share. The cash alternative is worth 365p a share.

Previously Redland's offer was on a 85-for-100 basis and had provided only a partial cash alternative.

Steetley has advised its shareholders to take no action until the group had convened a board meeting to consider the increased offer.

Following yesterday's moves, Redland's share price fell 7p to 447p. Steetley shares rose from 377p to 380p. Redland is also offering 100p for every Steetley 3.15 per cent cumulative preference share.

The decision to provide a full cash alternative was regarded as more important than the slight increase in the ordinary share offer which was offset by the subsequent fall in Redland's share price.

Redland said that a full cash offer would allow it to buy up to 29.9 per cent of Steetley's shares in the market. Under the previous terms, it could only have bought up to 9.9 per cent.

Some of Steetley's institutional shareholders have indicated that they would prefer a full cash offer although it is questionable whether they would have declined Redland's original terms given the weak defence put up by Steetley.

Steetley's revelation in its defence document on Thursday, that it had been forced to cut £40m from the book value of its French business was regarded by independent brokers as a body blow at that stage of a bid.

Redland's new offer compares with an asset value estimated by Steetley in its defence document of 375p – or 394p if the value to Redland of its surplus advance corporation tax capacity were to be included.

Mr Robert Napier, Redland managing director, said last night: "We have now seen Steetley's defence and it is weak. Its profits have collapsed; it is financially stretched; plans to merge its UK brick and clay tile operations with Tarmac have collapsed and it has written off nearly half the cost of Gobitta, its largest ever acquisition.

"Our offer provides Steetley shareholders with a 55 per cent capital increase on the price of Steetley shares at the beginning of December when our bid was announced.

"It will also provide a 55 per cent increase in income and participation in a well financed international group which is strong in focused products and will benefit from £30m of cost savings from a takeover of Steetley by Redland," said Mr Napier.

The offer is due to close at 1pm on Thursday, March 26.

Lincoln House cuts losses to £286,000

By Andrew Bolger

LINCOLN HOUSE, the home furnishing group, yesterday reported that pre-tax losses fell from £2.35m to £286,000 in the year to December 31.

The company, which in 1990 was hit by the fall into receivership of Lowndes Queensway, the home furnishing retailer, said turnover had dropped from £16.4m to £10.3m.

Despite the deepening recession, rationalisation had produced a small operating profit of £46,000, compared with an loss of £1.24m. Interest payable had fallen from £479,000 to to £332,000.

The company said this improvement reflected its shift away from unprofitable national account business, such as Lowndes Queensway, and the continuation of tight managerial controls. However, the significant repositioning of the business which had taken place continued to be hindered the the recession.

There was a loss per share of 1.77p, compared with a loss of 14.59p, and the company again passed its dividend.

Mr David Harland, chairman, said prospects were much improved from the traumatic period of 1990 and he believed a reasonable level of profitability would be achieved when UK and European trading regained momentum.

Lincoln House (Furnishings), the company's largest subsidiary, which manufactures upholstered furniture, made an operating loss of £40,000 on sales of £7.68m. This compared with losses of £1.32m on sales of £12.54m.

Mayers & Shaw, the occasional table subsidiary, made an operating profit of £117,000 (£159,000) on sales of £1.4m (£1.79m).

The company said Impala Displays, its display equipment subsidiary, had a poor year, producing an operating loss of £31,000 on sales of £1.19m. In order to save management time and resources for the group's furniture subsidiaries, Impala was last month sold to its management team.

Jobs to go as receivers are called in at Monotype

By Andrew Bolger

MONOTYPE CORPORATION, the typesetting systems company which is one of the oldest names in the printing industry, has been put into administrative receivership.

About 100 of Monotype's 300 employees in the UK have been made redundant at the company's base in Redhill, Surrey.

The receivers, Mr John Talbot and Mr Anthony Brierley of accountants Arthur Andersen, intend to keep the company's worldwide distribution network while they look for a buyer for the business as a going concern.

Monotype provides integrated publishing systems. It produced the initial hot-metal Monotype typesetting machine in 1893, and changed to phototypesetting in the 1950s.

The company has an annual turnover of £30m, but said that after unsuccessful attempts to reduce losses and obtain additional funding, the directors had no alternative but to request its bankers to appoint receivers.

Monotype was floated on the USM in 1986 and moved up to a full listing in 1988. In 1990 King Black Associates, a US-based investment group, paid £34.2m for the company – topping an offer from the late Mr Robert Maxwell.

Two of Monotype's UK subsidiaries, GB Techniques and Sinclair Imaging Systems, are not in receivership – although the receivers are expected to put them up for sale.

Trafalgar House court victory

Midland & Scottish Resources yesterday lost its appeal against Trafalgar House in their protracted wrangle over the Ocean Emerald oil rig.

The Court of Appeal confirmed the High Court's ruling in January that Trafalgar House can keep control of the rig, which its Davy division is building, until it is able to draw on a £118m letter of credit with the project's bankers or until it is paid in full by MSR.

Until the legal fight is resolved, former shareholders of Davy, which Trafalgar House acquired last year, will get none of the £54m, or 45p a share, second instalment for their shares from Trafalgar House.

Trafalgar House is planning to write to the former shareholders next week.

The rig was physically completed in December but a huge amount of documentation and certification work has still to be completed before the financial transaction on the rig can take place.

Company doctor for Lep if banks approve refinancing plan

By Maggie Urry

Trevor Humphries

David James: aided Eagle Trust and Davies & Newman

MR DAVID James, who is known for his corporate rescue work, is to become chairman and chief executive of Lep Group, the freight forwarding and security company, if its banks and shareholders approve a refinancing plan involving a £180m debt-for-equity swap. Lep's shares rose 4½p to 14½p.

In the last two years Mr James has been involved in the financial reconstructions of both Eagle Trust, the mini-conglomerate embroiled in the Iraqi supergun affair, and Davies & Newman, owner of the Dan-Air airline. He expects to devote half his time to Lep.

Mr James said he was confident Lep's operating subsidiaries would survive if the refinancing went through, though he would have to look at the strategy for the parent company once he joined the board.

Lep's problems began to emerge a year ago when some off-balance sheet property finance came on balance sheet and the company's debt rose to £400m. Last autumn Lep admitted that its debt had risen to £470m, profits collapsed and a standstill agreement was signed with its banks. In January Lep announced there would be substantial write-offs relating to its property exposure and a debt-for-equity swap was suggested.

It is now proposing that £180m of its £530m debts should be converted to equity. Details of the conversion have yet to be fixed but given the company's market capitalisation of £20m the banks are likely to end up with a substantial portion of Lep's shares.

There may be an opportunity for existing shareholders to buy some of the shares issued to the banks. ADT, the security group, holds 27 per cent of Lep's equity.

Interest payments would be deferred on about £130m of debt, and facilities extended for another three years. Banks would also put in new money to finance working capital.

A meeting of shareholders to consider the proposals is expected in May. Mr James would take up his role after that.

If the plan goes through, Lep would retain National Guardian Corporation, its US security business which was put up for sale last year in an earlier attempt to cut its debt. Mr John East, finance director, said that Lep could not find a buyer prepared to pay the price Lep wanted for National Guardian.

National Westminster Bank is head of the eight-bank steering committee, which has agreed the refinancing in principle, and there are another 22 banks in the group.

Sunrise could have set within 18 months, warns TV-am chief

By Raymond Snoddy

MR BRUCE Gyngell, chairman of TV-am, the commercial television breakfast station, warned yesterday that its successor, Sunrise, could be out of business within 18 months.

Mr Gyngell was speaking after announcing that his company had made pre-tax profits of £12.5m for the 11 months to December 31, against £26m for the previous full year. The taxable figure was struck after exceptional costs of £4.2m (nil) related to redundancy and other contractual payments incurred by the termination of TV-am's news operation.

The TV-am chairman said he accepted that Sunrise, which won the breakfast franchise with a bid of £34.6m, would probably have lower costs than TV-am's. But he warned that Sunrise – its main shareholders include London Weekend Television, Scottish Television, Disney, The Guardian and Carlton Communications – would run into trouble on the revenue side.

Mr Gyngell said that Sunrise was expecting revenues of £117m in 1995 compared with TV-am's forecasts of £82m and had to pay 15 per cent of advertising revenue on top of the bid. "I feel it is important to stress that the £14m that the company [TV-am] bid for the franchise was the maximum that the board considered we could responsibly make and continue to have a profitable company," he said. He believes that satellite television will make increasing inroads into both the breakfast television audience and advertising revenues.

Mr Gyngell predicted that Sunrise would have to hand back its licence and that the Independent Television Commission would get no other takers at the current bid level.

TV-am's turnover for the 11 months was £79.4m (£89.4m for the 12 months) and an unchanged final dividend of 10p maintains the total at 14p.

TV-am has cash reserves of £48m and is likely to take the figure to about £70m when its franchise runs out at the end of this year.

The company has bid for both a teletext licence and a national commercial radio licence and Mr Gyngell is exploring a number of options for the future of the company.

Fleming Mercantile net assets up 18%

Net asset value per share of Fleming Mercantile Investment Trust stood at 269.5p at the January 31 year-end, an rise of 18 per cent over the 227.7p a year earlier.

Net revenue for the year amounted to £10.25m (£10.97m), equal to earnings of 7p (7.5p). A fourth quarterly dividend of 1.9p makes a 6.7p (6.4p) total.

The board expects to pay quarterly dividends of 1.675p for the current year, making a total of not less than 6.7p.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Provisional Price for Trading on 07.03.92 | Final Prices for Trading on 05.03.92

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.04	17.15	17.15
0100	23.75	17.54	17.54
0130	23.75	18.40	19.96
0200	23.75	18.40	19.96
0230	18.63	17.40	18.93
0300	18.63	17.32	18.65
0330	18.63	17.15	17.15
0400	17.02	17.13	17.13
0430	17.01	17.11	17.11
0500	17.01	17.08	17.08
0530	17.01	17.04	17.04
0600	17.01	17.04	17.04
0630	17.01	17.04	17.04
0700	17.01	17.04	17.04
0730	17.01	17.06	17.06
0800	17.02	17.08	17.08
0830	17.03	17.11	17.11
0900	17.24	17.13	18.74
0930	17.24	17.15	18.73
1000	17.24	17.15	18.71
1030	17.24	17.18	18.72
1100	17.24	17.18	18.71
1130	17.24	17.18	18.72
1200	17.24	17.18	18.72
1230	17.24	17.18	18.71
1300	17.24	17.13	18.68
1330	17.24	17.13	18.66
1400	17.24	17.11	18.64
1430	17.02	17.08	17.08
1500	17.02	17.06	17.06
1530	17.02	17.06	17.06
1600	17.02	17.06	17.08
1630	17.02	17.12	17.12
1700	17.54	20.25	21.67
1730	18.75	25.58	27.31
1800	19.17	25.58	27.30
1830	22.98	25.56	27.28
1900	22.98	20.66	22.28
1930	22.98	20.22	21.81
2000	19.17	20.22	21.81
2030	19.17	18.28	19.83
2100	19.17	17.14	18.67
2130	17.24	17.11	18.64
2200	17.24	17.11	17.11
2230	17.02	17.08	17.08
2300	17.01	17.06	17.06
2330	17.01	17.04	17.04
2400	17.01	17.04	17.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

NatWest gives Swiss role in search for rich pickings

Ian Rodger details the expansion plans of Coutts & Co in a competitive market

THERE IS no shortage of bankers for the rich these days, especially in Switzerland. But National Westminster Bank, through its Coutts & Co subsidiary, is making a fresh bid to become one of the leading companies in this niche market.

Over the past two years, NatWest has reorganised its international private banking activities, combining three subsidiaries into one new organisation, Coutts & Co AG, based in Zurich.

Mr Jean Pierre Cuoni, the Swiss banker who heads the operation, says one of his main strategies for growth is to build on the NatWest customer base. "In theory, we should serve every NatWest client who becomes a millionaire," he says.

It was Mr Cuoni who encouraged the rationalisation of the NatWest international private banking business. He was hired in 1988 to find a new focus for Zurich-based HandelsBank NatWest, then a full service Swiss bank which NatWest bought from Nestlé in 1975.

The bank had been strong in corporate and securities lines, but the prospects for a foreign-owned bank in these businesses in the late 1980s did not look promising. Mr Cuoni, who had spent 28 years with Citicorp, mainly in the private banking area in Switzerland, suggested HandelsBank should concentrate on building up its private banking business.

"However, there were already Coutts' international operations and NatWest International Trust Holdings in this field. It was hardly optimal to have three managements, three brand names and three strategies going after the same market."

In a move that surprised many, NatWest announced early last year that it would put all three in a new organisation under Mr Cuoni's control with headquarters in Zurich, and 17 offices in other world capitals and tax havens.

"Switzerland is still the centre of cross border international private banking," Mr Cuoni says, pointing out that the bulk of the money that flowed out of the Middle East at the time of the Gulf war went to Switzerland.

He believes that the Coutts name and the Swiss knowhow will prove a winning combination.

With more than £11bn under management, the group is closing on the biggest Swiss private banks. But it is still far behind the big three universal banks, Union Bank of Switzerland, Swiss Bank Corporation and Crédit Suisse in this area.

Profits are not disclosed but Mr Cuoni says, "we are making good money".

He acknowledges that Coutts is seeking to grow in difficult times. "At the moment, few big fortunes are being created. There are no great flows of funds as there were in the 1970s. Within a few years, it will start to come from eastern Europe, but now if you want to build your business, you have to take market share from others."

As a result, competition is getting much tougher. Mr Cuoni believes that ultimately only a dozen banks will survive with a worldwide role in international private banking.

"It is expensive to be in this business. You need extremely good investment management products and technology, and that all requires heavy investment."

Promotion too is expensive in this rarefied market. This year, the 300th anniversary of the founding of Coutts, the bank will establish the Coutts Art Foundation in Zurich to promote contemporary artists.

And what about suggestions that Switzerland is losing its attractiveness for the rich of the world?

"I think there is an awareness here that the future battle will be won on performance, not on the advantages of location. Still, Switzerland has a head start, with something like half of the cross border private banking business in the world.

"The Swiss are absolute market leaders in delivery of fast and error free service. That is what the clients want, so I am fairly optimistic about Switzerland as the epicentre."

NEWS DIGEST

LAIT net assets more than double

LATIN AMERICAN Investment Trust (LAIT), the top-performing investment trust in 1991, reported net assets per share more than doubled to $1.77 last year, from 79.5 cents in 1990, writes Sara Webb.

Net assets rose from $59.7m in 1990 to $133.1m (£75.6m) last year, helped by gains in Argentina, Brazil, Mexico and Chile. Argentina was the emerging market that performed best in 1991 – it almost quintupled in US dollar terms.

The dividend of 50 cents per share, is small but reflects the lack of "dividend culture" among Latin American companies, according to the managers.

Mr Eduardo Faria, who manages the fund for Latin American Securities, said that LAIT's net assets had risen to $158.8m, or $2.12 per share, so far this year, helped by rallies in Brazil, Chile and Mexico.

The fund recently started to invest in Peru and plans to invest in Colombia shortly.

Latin American Securities, said it was "confident that the prospects for Latin America throughout the 1990s will continue to be shaped by the successful implementation of market-based economic reforms leading to a progressive return to high rates of growth".

Lightship reduces losses to £415,000

Lightship, the pawnbroking and finance group which changed its name from Harvey & Thompson in December, sharply reduced its pre-tax losses from £4.76m to £415,000 in the six months to December 28.

The result, however, was struck after exceptional costs of only £835,000, relating to the costs in Philadelphia during the start-up phase of Lightship Financial Group, the US management company. Last time the exceptional charge was £5.65m.

The company was continuing to run down the consumer credit, leasing and trade finance books and Lightship, which manages a fund which lends against smaller companies' insured receivables, was "continuing to make good progress".

Losses per share emerged at 7.49p (106.8p).

Feltrim capital restructure

Feltrim Mining, based in County Wicklow, is making an open offer to existing shareholders of 5.45m new ordinary shares at par (5p) and a further placing of up to 8m shares, also at par.

The current 20p shares are to be sub-divided into one new 5p ordinary share and one deferred share.

Each new ordinary will have the same voting rights as the existing shares.

The company is to change its name to Minmet.

Property Trust restructures

Property Trust, the property investment and development company, is proposing a financial reconstruction and property sale to put the loss-making group on a sound footing. It also announced an interim loss of £6.32m following provisions on its investments.

The company plans to consolidate 200 of its 1p shares into one £2 share to be reclassified as one 35p share and one deferred share of £1.75. This will be followed by a reduction in share capital and share premium account enabling dividends to be paid in future.

It also plans to move up from the USM to a full listing.

The £8m proceeds from the property sale will be used to repay two loans resulting in an interest saving of about £1m a year. Following the sale the company said interest payable on remaining borrowings would be covered 1.8 times by rental income.

In the six months to September 30 there was a pre-tax loss of £6.32m (£703,000) on turnover of £600,000 (£734,000).

The operating loss was £189,000 but in addition the carrying values of development properties were written down by £1.59m and there was loss of £3.56m arising from the property sale.

Adwest raises $7m from stake sale

Adwest Group, which has interests in automotive and electrical engineering, is selling its 11.66 per cent stake in Bendix España, the automotive component maker, to Allied Signal, the majority shareholder, for $7m (£3.9m) in cash.

Adwest's share of Bendix's assets at disposal were estimated at £4.22m and the share of its profits for the year to June 30 was £476,000.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
500	F.P.	–	548	487	Amicable Smllr. Units	487	-8	R3.1	–	0.8	–
‡	F.P.	–	75	61	Capital Industries 1p	61		–	–	–	–
70	F.P.	–	72	63	Fleming Inc & Cap Tst Inc.	63		F4.73	–	10.0	–
100	F.P.	–	102	94	Do. Units	95	+1	F4.73	–	6.6	–
30	F.P.	–	32½	30½	Do. Zero Div. Pf.	32		–	–	–	–
–	F.P.	–	39	25	Fleming Japanese Wrnts	36		–	–	–	–
£104½	F.P.	–	£121½	£105	Latin Am Inc & Appr. 1c	£121½		–	–	–	–
100	F.P.	–	99	97	Lloyds Smlr Co's Pckg Uts	97		–	–	4.8	–
38	F.P.	–	39	34	Do. Dividend	37		–	–	–	–
62	F.P.	–	62	57	Do. Capital	60		–	–	–	–
–	F.P.	–	11	[illegible]	Multitrust Warrants	11		–	–	–	–
–	F.P.	–	104	102	Riv & Merc Tst Inc 12 1/2p	103		N9.2	–	11.9	–
–	F.P.	–	123¼	117	Do. Stepd Prf 12 1/2p	123¼		N5.6	–	6.1	–
115	F.P.	–	128	121	Rosebys	127		L4.3	1.7	4.5	14.6
–	F.P.	–	160	158	Usher-Walker (RFD)	160		5.5	1.3	4.6	21.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101½p	100½p	Bank of Ireland Units Non-Cum Prf A	100½p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Cambourne Inds. 10½pc Rd. Deb. 2001	105½	
100p	F.P.	-	107p	100p	Fidelity Euro. Values Equity Ln 2001	107p	+1
105	F.P.	-	110	98	Greencore 9.5% Cnv Uo Ln Stk 1995	105	
100p	F.P.	-	105¾p	99¾p	NatWest Bank 9pc Prf Series A	102½p	+¼
‡	F.P.	-	75p	68p	Wembley 6p (Net) Cnv Cum Prf 1999	68p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
205	Nil	30/3	38pm	18½pm	BTP 10p	21pm	
212	Nil	27/3	37pm	26pm	British Vita	27½pm	-3½
415	Nil	20/3	80pm	50pm	ECC	72pm	
8	Nil	26/3	4pm	1½pm	Maddox 5p	3¼pm	
115	Nil	12/3	16pm	12pm	Porvair 2p	16pm	
30	Nil	11/3	4½pm	2½pm	Wembley 5p	2½pm	
4	Nil	3/4	¾pm	¼pm	West Trust	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 2
- Last Dealings March 13
- *Last Declarations* June 11
- For settlement June 22

Calls in Automated Security, Aviva Petrlm., Bridgend, BTR warrants '92/93, Enterprise Computer, GRE, Meekatharra options, Maddox, NSM Pref. and Proteus Intl. Puts in Gen. Accident and Regalian Props. Puts and calls in Oliver Res., Premier Cons. and Wharfedale.

3-month call rate indications are shown on page 9.

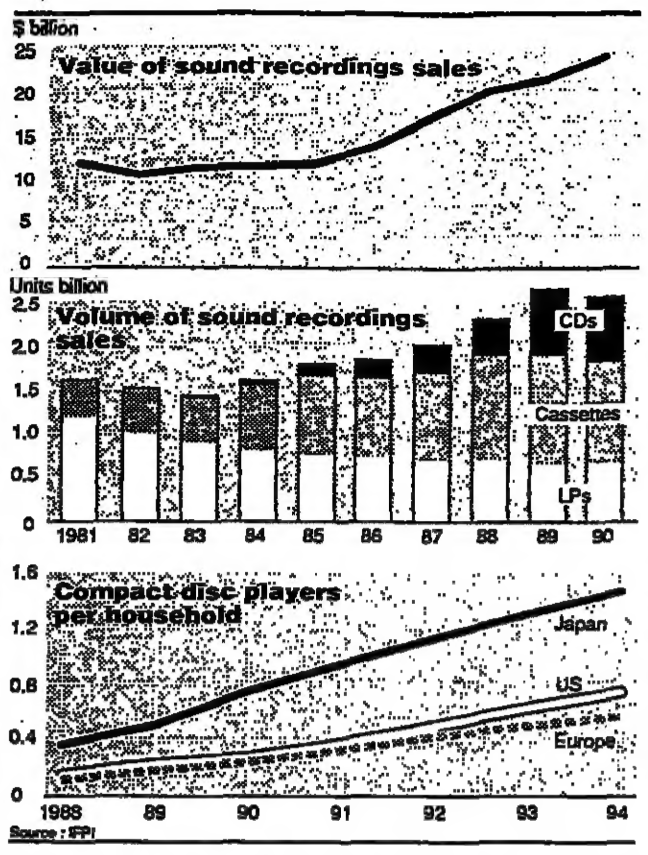
Thorn EMI-Virgin

The tough path to world leadership in music

Michael Skapinker looks at the strategy behind Thorn EMI's purchase of the Virgin record business

Trevor Humphries

Colin Southgate: negotiated the deal for 14 months



Source: IFPI

PRESIDENT for life is usually a title which company directors bestow on the aged founder when he can no longer remember their names, or which Third World despots bestow on themselves.

Thorn EMI has different reasons for keeping Mr Richard Branson on as president for life of the Virgin Music Group, which, it announced yesterday, it is buying for £510m. The first is sentimental. Mr Branson had expressed a desire to retain his links with the music business and became quite emotional when the deal was finally concluded in the early hours of Friday morning.

The second is Thorn's recognition that its money is being spent on nothing more than a group of music executives and the stars they have signed. Virgin has no manufacturing or distribution facilities. The trick is to get the stars to stay on, and Mr Branson promises to help.

The deal, which will bring Thorn such artists as the Rolling Stones, Phil Collins, Genesis and UB40, catapults the UK music, rentals and light fittings company into the first rank of world music groups.

Mr Colin Southgate, Thorn's chairman, says that before the Virgin deal his company was the world's fourth largest recorded music group – with a market share of about 14 per cent. The Virgin purchase should give the enlarged group a worldwide market share of about 18 per cent, putting it alongside PolyGram and Time Warner, the two world leaders.

In the ownership of music copyrights, Thorn, which has 800,000 titles – including Singing in the Rain, Over the Rainbow and Happy Birthday to You – is already the world leader, along with Time Warner. The Virgin purchase adds another 25,000 titles, including the works of Fine Young Cannibals, Tears for Fears and the Pet Shop Boys.

Mr Southgate will not be drawn on how important it was for Thorn to clinch the Virgin purchase. Although the final deal was a considerable reduction on the initial asking price of £800m, he does not want anyone to think his eagerness led to him paying too much. Mr Southgate had, however, been negotiating with Virgin for 14 months and his success in clinching the deal against rival bids from Bertelsmann of Germany and other competitors was crucial to the group's long-term strategy.

Since taking over as chief executive five years ago, Mr Southgate has sold more than 60 companies – ranging from a computer chip maker to a television set manufacturer – and rebuilt Thorn around two core businesses: the rental of electronic and kitchen appliances, and music.

He has insisted there was no point in staying in an industry unless Thorn was likely to be a world leader in it. The path to world leadership in music has, however, not been an easy one. Mr Southgate has been forced to watch as some of the world's last remaining independent record labels have been snapped up by his rivals. Thorn was regarded as the front-runner to buy Geffen, the US label, in 1990, but it went instead to MCA. Virgin was the last of the large independents; had Thorn failed to acquire it would have remained in the world music second division.

Although Mr Branson says he will help the enlarged group retain its performers, he has had little to do with the day-to-day running of Virgin Music. Of greater importance is the retention of Virgin executives such as Mr Ken Berry and Mr Simon Draper. Both are staying with Virgin, which will be run separately from Thorn's other music businesses. Mr Berry will have a long-term contract with Thorn. Mr Southgate will not specify how long but says it is longer than three years. Mr Draper will have a rolling contract but with a clause restricting him from setting up in competition should he leave Thorn.

An executive with a rival music company wonders how effective these ties will be; the music industry is notorious for the temperamentalism of those involved in it. "In the case of the artists, it is going to be a matter of money", the executive says. Virgin's deal with the Rolling Stones, concluded last year, is thought to be safe. Virgin's payment of between $30m and $40m (£22.7m) is believed to have been more than $10m more than the next highest bid. Mr Branson revealed yesterday that the contract with the Stones provided for its continuance if Virgin was sold to Thorn EMI. If Virgin had been sold to any other company, the Stones would have had the right to renegotiate the deal.

Thorn believes that Virgin's profitability can be improved in three ways. The prices of Virgin's products, which are slightly lower than Thorn's, could be increased. Thorn will take over Virgin's manufacturing and distribution when existing contracts expire. Mr Southgate says this should add £20m to profits over the next two years.

He adds that the negotiations with Geffen taught him an important lesson about the management of a music company's roster of artists. Geffen ran a lean roster, dropping artists who were not contributing much or who were past their peak. He believes the Virgin roster could do with similar treatment.

Although the purchase puts Thorn at the top of the world music business, it remains significantly different from the other leading groups. There are no links between Thorn's music business and its other activities. The other large groups see music as part of a larger, integrated business, taking in consumer electronics and other media such as film.

PolyGram is 80 per cent owned by Philips, the Dutch electronics giant. PolyGram announced last year that it would spend $200m expanding its film interests. Time Warner has large film interests. Japanese consumer electronics companies have invested heavily in both music and film. Sony owns CBS Records and Columbia Pictures. Matsushita has acquired MCA and Universal Pictures.

Mr Southgate dismisses the claimed logic behind these mergers and purchases – that there is an intimate connection between the development of new consumer electronics gadgets and the music and pictures that are played on them. Executives in rival companies also argue that the links between music and film are becoming stronger and that leading artists are demanding a presence in both.

Thorn is no longer involved in consumer electronics manufacture and Mr Southgate argues there is no reason why it should be. If a consumer electronics company is to succeed with a new type of music player, it needs the support of the entire music industry – not just its own company. Sony failed to make a success of its Digital Audio Tape (Dat) player, despite owning CBS. "The idea that you have to be a consumer electronics manufacturer to own a music company hasn't got through to my thick skull yet", Mr Southgate says.

He says, too, that film companies continue to approach Thorn for help with sound tracks, even when they have a sister music company. "The artistic guys in the film business don't like to be told who to work with", he says.

A longer term threat to the enlarged Thorn music business is one which affects the whole industry: the prospect of slower growth. World sales of sound recordings doubled from $12bn in 1981 to $24bn in 1990, boosted largely by the explosive growth of the compact disc. CD unit sales in 1990, the last year for which data have been collated, totalled 770m, a 28 per cent increase on the previous year. The cassette tape, while still the most popular format, is in decline, while the vinyl long-playing record has disappeared in advanced economies such as the US and Japan.

Music company executives believe, however, that as worldwide household penetration of compact disc players increases, CD sales growth will start to slow. There are new musical formats on the horizon, such as the Digital Compact Cassette (DCC), which looks like a conventional cassette but which produces sound similar to that of a CD. Sony also plans to introduce a miniaturised, recordable CD.

Mr Southgate dismisses the threat of a slower-growing CD market and says Thorn is prepared to produce music in whichever new format proves acceptable to consumers.

Others in the industry believe that slower sales growth, allied with the huge fees demanded by world-class artists, could drive at least one of the big music groups to the wall. By acquiring Virgin and increasing its worldwide reach, Thorn has probably reduced the likelihood that it will be one of the casualties.

Down-to-earth ideas or flights of fancy?

Bronwen Maddox scans Richard Branson's unrealised horizons

I'VE NEVER worked for a company that I didn't own and it will be a bit strange." Mr Richard Branson was adjusting yesterday to his new role as president for life – but no longer owner – of Virgin Music Group, which he created 20 years ago.

His colleagues say that he had scarcely been involved in running the music business for the past few years, and he agrees. Nevertheless, he concedes the £510m sale was a wrench. But after 14 months of negotiations, mainly with the winner Thorn EMI, and with interjections from the world's largest media companies, his mind was clear.

Where does the deal leave him? For a start, about £380m richer, after deducting the 25 per cent share of Fujisankei Communications, the Japanese group which was a partner in the music business for the past three years.

The price marks a triumph in retrospect over the stock market's view of his creations. He floated Virgin Music, plus the Megastores record shops at £248m in 1986, but, battered by the October 1987 stock market crash and the market's scepticism of Mr Branson's ability to deliver long-term profits growth, the value fell to £142m.

In exasperation, he took the businesses private at the original flotation price – three years later, Thorn has more than doubled his money.

But the deal also marks a turning point in his commercial life. Virgin Music was the largest of the businesses he created and by a long way the most profitable.

The main business he retains is Virgin Atlantic Airways, the airline he created eight years ago. He also keeps the Megastores and several computer games businesses.

The challenge he faces is whether he can grow those businesses to match the music group's success, or whether, as his critics say, they will remain expensive hobbies.

Mr Branson has fiercely denied that he was prompted to sell the record label because the airline was in need of cash. Nevertheless, it did not escape from the double hit of the Gulf war and fierce competition on transatlantic routes. Last year Voyager Travel Holdings, the holding company for the airline, saw its pre-tax profits cut from £8.5m to £600,000. Within this, Virgin Atlantic made a £3m pre-tax loss, after taking a £6m profit on selling an aircraft. This loss was offset by a £3.3m profit on the tour operator linked to the airline.

Part of the squeeze came from winning the right last year to fly out of Heathrow Airport, which brought heavy start-up costs – and head on competition with British Airways and American carriers.

Although much larger, with hundreds of planes in their fleets compared to Virgin's eight, these airlines have accused it of cherry-picking the most profitable routes.

Despite this vigorous commercial and public relations battle, Mr Branson has said that the airline could meet its immediate cash needs from its own resources.

However he concedes that the airline needs more cash to fulfil his latest dream – to apply for routes to Johannesburg, Los Angeles and Chicago, and to take advantage of currently depressed prices to buy aircraft to fly those routes.

To support these plans he has been negotiating to raise £55m by selling a 20 per cent stake in the airline. Despite yesterday's deal, he said: "We've got a long way talking to two parties and it might be embarrassing to drop the talks now. We'll always see partners as part of our financing plans."

For the same reason, he may continue to search for a buyer for a 20 per cent stake in the continental record shops.

But however ambitious his plans for the airline and stores, they will only absorb part of the sudden influx of cash.

His latest dream is to run upmarket business rail services along British Rail's tracks, if the forthcoming white paper on rail permits this competition. His vision is remarkably precise – all seats will have seat-back video – although he emphasises Virgin has not begun detailed plans.

He is, famously, not short of enthusiasm for new ventures, and yesterday's deal has given him the money to try them out. The next few years will show whether he can build a second half-billion pound business.

ECONOMIC DIARY

TODAY: Conservative local government conference in London.

TOMORROW: Portugal's former colonies in Africa discuss co-ordinating their approach to the European Community and other large aid donors at summit of Angola, Mozambique, Guinea-Bissau, Cape Verde Islands and Sao Tome and Principe in Sao Tome (until March 10).

MONDAY: Credit business (January). European Parliament in session in Brussels (until March 13). UN Security Council deadline for Iraqi delegation to arrive in New York to discuss destruction of missile related materials.

TUESDAY: UK budget. Producer price index numbers (February-provisional). International banking statistics (fourth quarter). Labour Force survey (1991). Workforce in employment: revisions to the third quarter (whole economy) and to December 1991 (production). US wholesale sales and inventories (January). "Super Tuesday" round of US presidential primaries in up to 12 states. Nato co-operation council summit in Brussels with Russia and other members of the Commonwealth of Independent States attending, bringing them into the fold. Zimbabwe finance ministry announces supplementary budget. Start of two-day Financial Times conference on "The European Water Industry" at the Hotel Inter-Continental in London.

WEDNESDAY: US housing completions (January).

THURSDAY: CBI survey of distributive trades (February). Provisional figures of vehicle production (February). Capital issues and redemptions (February). US jobless claims; retail sales (February). British Chambers of Commerce national council meeting and budget debate.

FRIDAY: Usable steel production (February). Construction output (fourth quarter-provisional). US producer price index (February); business inventories (January). European Community social affairs ministers hold two days of informal talks in Penina (until March 14). Commonwealth of Independant States prime ministers meet in Moscow. Labour Party annual Scottish conference in Edinburgh.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday March 6 1992: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Mar 5: Index No.	Wed Mar 4: Index No.	Tue Mar 3: Index No.	Year ago (approx): Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	796.32	-0.2	8.08	5.99	15.95	1.41	798.15	799.05	796.39	867.57	890.04 15/3 /91	675.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	967.65	-0.2	7.19	6.42	18.75	0.44	969.48	972.42	970.18	1160.22	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (28)	901.06	.....	8.67	8.10	16.69	1.32	900.52	904.20	904.84	1403.41	1438.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (7)	2487.81	+0.4	8.45	6.03	15.58	1.47	2477.10	2473.44	2429.43	2330.56	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (26)	1863.13	-0.9	9.75	4.60	13.00	1.86	1880.36	1890.84	1860.20	1883.54	1958.19 15/3 /91	1478.08 16/1 /91	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (8)	345.20	+0.3	9.81	7.53	13.26	5.78	344.16	339.39	336.04	454.12	469.23 9 /4 /91	313.50 14/2 /92	502.42 13/6 /90	313.50 14/2 /92
7	Engineering-General (43)	497.77	+0.1	9.31	4.75	13.26	1.21	497.42	494.47	491.90	451.88	503.16 2 /10/91	339.57 23/1 /91	505.10 15/6 /90	339.57 23/1 /91
8	Metals and Metal Forming (10)	326.96	+0.4	2.12	10.47	–	0.00	325.54	324.43	321.63	485.25	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	319.67	+0.3	7.28	7.44	18.82	0.00	318.76	318.10	311.50	358.47	371.25 6 /9 /91	266.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (19)	1569.18	-0.5	7.81	5.25	15.19	0.69	1576.47	1583.81	1598.45	1491.73	1695.01 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21	CONSUMER GROUP (188)	1659.45	-0.1	7.20	3.37	17.01	4.74	1661.15	1669.96	1680.13	1400.26	1686.14 28/2 /92	1188.45 16/1 /91	1686.14 28/2 /92	61.41 13/12/74
22	Brewers and Distillers (23)	2083.72	.....	7.70	3.40	15.66	7.92	2083.74	2101.13	2116.06	1749.02	2127.60 27/2 /92	1478.24 25/1 /91	2127.60 27/2 /92	69.47 13/12/74
25	Food Manufacturing (18)	1271.58	+0.4	8.58	4.06	14.37	2.11	1266.00	1266.66	1266.18	1163.38	1280.89 24/2 /92	1013.60 16/1 /91	1280.89 24/2 /92	59.67 11/12/74
26	Food Retailing (17)	2636.76	-0.4	8.37	3.14	15.53	4.06	2647.51	2665.44	2664.36	2579.17	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27	Health and Household (24)	4262.50	-0.4	6.31	2.45	17.97	15.12	4278.28	4291.22	4345.77	3018.73	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (23)	1307.48	+0.9	6.86	5.15	18.56	8.54	1296.07	1291.21	1295.49	1353.96	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (24)	1553.17	.....	6.29	3.52	20.00	2.97	1553.61	1568.43	1586.16	1426.65	1586.16 3 /3 /92	1166.91 16/1 /91	1586.16 3 /3 /92	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	764.84	+0.4	6.86	4.38	17.40	0.22	761.85	765.90	763.98	653.65	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34	Stores (32)	1055.73	-0.6	6.99	3.42	18.96	1.91	1062.14	1074.12	1078.34	882.51	1082.38 28/2 /92	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	661.60	+0.3	6.93	4.70	18.40	0.53	659.65	656.22	650.33	531.92	661.60 6 /3 /92	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1230.03	-0.1	9.76	5.38	12.92	6.41	1231.66	1238.74	1238.77	1185.67	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41	Business Services (16)	1384.16	+0.3	6.64	4.66	19.14	0.27	1380.38	1394.27	1398.89	1172.90	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42	Chemicals (21)	1519.11	+0.6	6.89	4.82	17.74	0.59	1510.11	1513.58	1513.61	1273.86	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (11)	1353.22	+0.9	10.55	7.48	11.58	3.18	1341.08	1334.35	1338.22	1531.80	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44	Transport (14)	2400.50	.....	5.29	4.72	24.98	2.46	2399.81	2435.45	2424.56	2174.03	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45	Electricity (16)	1215.68	-1.0	14.72	6.12	8.86	17.21	1227.59	1249.93	1251.97	1148.62	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46	Telephone Networks (4)	1414.57	-0.7	11.09	4.43	11.78	16.02	1423.85	1434.28	1425.84	1345.15	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47	Water (10)	2426.90	-0.7	17.57	6.55	6.27	0.00	2443.94	2473.35	2468.08	2486.83	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48	Miscellaneous (24)	1786.28	-0.1	5.74	5.49	23.81	1.18	1788.44	1774.56	1794.38	1891.14	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1305.71	-0.1	8.15	4.46	15.32	4.43	1307.47	1313.61	1316.95	1207.12	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51	Oil & Gas (18)	2016.23	-0.7	9.48	7.04	13.88	36.07	2030.10	2058.25	2055.64	2422.25	2509.42 23/7 /91	1998.01 20/2 /92	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1373.33	-0.2	8.29	4.72	15.16	6.70	1375.95	1383.71	1386.69	1309.37	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61	FINANCIAL GROUP (86)	722.22	.....	–	6.32	–	2.61	722.13	732.05	732.84	831.59	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	905.90	+0.1	4.16	5.96	56.51	6.20	904.56	916.57	916.71	922.18	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65	Insurance (Life) (6)	1437.82	-0.2	–	5.94	–	0.00	1440.96	1458.93	1452.83	1468.15	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66	Insurance (Composite) (7)	473.89	+0.5	–	8.06	–	0.00	471.73	484.46	480.01	721.46	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	1000.02	+0.6	7.73	6.68	17.02	2.37	993.56	1000.36	1001.23	1108.04	1202.38 5 /4 /91	932.88 23/1 /91	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (7)	470.12	+0.2	–	4.54	–	0.00	469.00	471.39	473.85	428.05	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69	Property (33)	710.34	-1.0	8.09	6.39	16.91	0.93	717.56	726.56	734.43	1044.39	1087.65 15/3 /91	710.34 6 /3 /92	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (14)	246.38	.....	8.08	7.08	16.36	0.89	246.41	246.91	246.73	287.29	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (68)	1184.66	-0.2	–	3.73	–	4.11	1186.75	1194.95	1193.86	1196.84	1261.80 6 /9 /91	947.19 16/1 /91	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (654)	1218.30	-0.2	–	4.89	–	5.72	1220.33	1228.42	1230.64	1192.13	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 5	Mar 4	Mar 3	Mar 2	Feb 28	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2533.1	-5.2	2542.7	2528.6	2538.3	2558.4	2565.4	2554.3	2562.1	2455.0	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Mar 6	Day's change %	Thu Mar 5	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (27)	122.40	-0.05	122.46	2.37	1.65
2	5-15 years (25)	135.33	-0.06	135.41	1.97	3.11
3	Over 15 years (9)	146.25	....	146.26	3.08	0.88
4	Irredeemables (6)	160.52	-0.63	161.54	2.47	1.50
5	All stocks (67)	133.83	-0.06	133.90	2.28	2.40
	Index-Linked					
6	Up to 5 years (2)	170.56	+0.07	170.44	0.23	1.37
7	Over 5 years (9)	148.61	-0.08	148.73	0.75	0.90
8	All stocks (11)	150.50	-0.06	150.59	0.68	0.95
9	Debs & Loans (62)	117.11	-0.34	117.52	2.14	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 6	Thu Mar 5	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	8.90	8.80	9.33	10.14 16/1 /91	8.42 12/11/91
2	Coupons	15 years	9.34	9.31	9.60	10.24 2 /1 /91	9.08 27/2 /92
3	(0%-7¾%)	20 years	9.34	9.31	9.76	10.26 2 /1 /91	9.08 27/2 /92
4	Medium	5 years	9.61	9.56	10.15	11.15 2 /1 /91	9.34 27/2 /92
5	Coupons	15 years	9.42	9.41	10.02	10.62 2 /1 /91	9.14 27/2 /92
6	(8%-10¾%)	20 years	9.38	9.37	9.95	10.50 2 /1 /91	9.11 27/2 /92
7	High	5 years	9.84	9.79	10.31	11.25 2 /1 /91	9.57 27/2 /92
8	Coupons	15 years	9.54	9.52	10.19	10.80 2 /1 /91	9.23 27/2 /92
9	(11%-)	20 years	9.47	9.44	10.11	10.67 2 /1 /91	9.17 27/2 /92
10	Irredeemables	†	9.55	9.48	10.00	10.46 2 /1 /91	9.28 27/2 /92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.54	3.54	3.74	4.48 15/7 /91	3.52 4 /3 /92
12	Inflation rate 5%	Over 5 yrs.	4.35	4.33	4.14	4.45 31/12/91	4.09 18/2 /91
13	Inflation rate 10%	Up to 5 yrs.	2.89	2.88	2.34	3.60 9 /7 /91	2.13 21/2 /91
14	Inflation rate 10%	Over 5 yrs.	4.17	4.16	3.97	4.27 31/12/91	3.90 12/4 /91
15	Debs &	5 years	10.99	10.95	11.86	12.63 9 /1 /91	10.77 12/2 /92
16	Loans	15 years	10.76	10.72	11.62	12.38 18/1 /91	10.59 12/2 /92
17		25 years	10.58	10.55	11.41	12.16 18/1 /91	10.44 27/2 /92

‡Opening index 2531.0; 9 am 2536.7; 10 am 2540.5; 11 am 2531.6; Noon 2531.1; 1 pm 2530.2; 2 pm 2529.5; 2.30 pm 2528.7; 3 pm 2531.0; 4.10 pm 2533.0; (a) 9.52am (b) 1.34pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*646)	600	57½	68½	85½	5½	19	25½
	650	24½	39½	57½	22½	40½	46½
	700	7½	21½	37½	55½	71½	77½
ASDA (*38)	34	4¼	–	–	2	–	–
	40	–	4½	6	–	6	7
	43	1¼	–	–	6	–	–
Brit. Airways (*268)	240	35½	41	44½	4¼	8	11½
	260	20½	28	32½	7½	15½	19½
	280	7½	14½	24½	17½	26½	30½
SmKl Beecham A (*900)	850	63½	90½	115	10½	23	32½
	900	31	60½	86½	28½	42½	53½
	1000	4¼	23	43½	106	108	115
Boots (*439)	420	47	55	64	1½	6	9½
	460	16	26	40	10	20	23
B.P. (*262)	260	11	17	21	6½	12	16
	280	3½	9	12½	18½	24	28
British Steel (*74)	70	5½	8½	10½	2½	4½	5½
	80	1½	3¼	5½	8¼	9½	10½
Bass (*543)	525	32	43½	60½	7½	16½	21
	550	17½	31	47½	18	27½	32½
C & Wire (*601)	600	24	42½	56½	13½	29½	35½
	650	6½	19½	32½	47½	57½	59½
Courtaulds (*524)	500	40½	50½	64½	6	16	22
	550	11½	24½	37½	27½	41½	46½
Com. Union (*469)	460	10½	26	32½	18	24½	31½
	500	1¼	11½	17½	48½	53½	57½
Fisons (*391)	390	19	35	49	15	26	32
	420	7¼	24	–	32	44	–
GKN (*353)	330	17	31½	37½	6	13	17½
	360	5	16½	21	22½	27½	33½
Grand Met. (*896)	850	66	92½	–	7	16½	–
	900	33	60½	79½	24	35½	44½
I.C.I. (*1325)	1300	33½	80½	102	40½	58½	73½
	1350	16	53½	–	73½	87	–
Kingfisher (*520)	500	34½	40½	52½	7½	18	22½
	550	8¼	18	27½	32½	42½	47½
Ladbroke (*424)	420	15	21	27½	8¼	21	23
	460	3	5¼	12	36½	50½	52½
Land Secur (*424)	420	15	21	27½	8½	21	23
	460	3	5¼	12	36½	50½	52½
M & S (*313)	300	19½	26½	33	4	8¼	11½
	330	4½	10½	20	20½	25	27
Sainsbury (*390)	390	14½	23	32½	10½	18	22
	420	3½	10½	19	30½	36½	39½
Shell Trans (*442)	420	31½	45	52	3¼	8	13½
	460	9	22½	27½	21½	24½	29½
Storehouse (*110)	110	6½	9	11½	6	9½	11½
	120	2	4	8	12	15½	16½
Trafalgar (*135)	130	12½	16	21	5	11	14½
	140	6½	11½	16½	10½	17	20
Utd Biscuits (*411)	390	27	37½	44½	5½	10	15½
	420	7½	19	27½	21	25	30
Unilever (*946)	900	54½	73½	100	12½	21½	28½
	950	22½	46½	73	34½	43½	48½
Ultramar (*233)	230	23½	–	–	–	–	–
	240	10½	–	–	14½	–	–
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*327)	300	37	50½	59½	9½	12½	16
	330	22½	33½	42½	18½	25½	31

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*560)	550	37½	49	62½	14	23	26
	600	13½	25	37½	38½	49½	52½
BAT Inds (*625)	600	37½	47½	56½	16	26½	35½
	650	14	24½	33½	42½	53½	63½
BTR (*390)	390	14½	24	30½	18½	19½	28
	420	5½	14	18	40½	42½	46½
Brit. Telecom (*334)	330	18	27	30	8¼	14	17
	360	6½	12	16	27	32	33
Cadbury Sch (*465)	460	23	36½	48	21½	26½	32½
	500	8½	21	30½	48½	52½	55½
Eastern Elec (*252)	250	16½	–	–	9	–	–
	260	–	15½	19½	–	22½	24½
Guinness (*588)	560	47½	62½	74½	3½	–	–
	600	18½	33½	46½	29½	33½	37½
GEC (*214)	200	20	23½	26	2	5½	7
	220	8	11¼	15	9	14	16
Hanson (*220)	220	10½	15	18	7¼	11	14
	240	3	6¼	9¼	20	23	25
LASMO (*207)	200	18	24	30½	11½	15½	17½
	220	8	17	21½	24	26½	30
Lucas Inds (*117)	110	10½	14½	17½	4¼	7	9
	120	6	10	12½	10	10½	13½
P. & O (*385)	360	34½	42½	44½	18½	25	34
	390	18½	29	32	34½	40	50½
Pilkington (*127)	120	13½	15½	19½	4½	9½	11½
	130	8½	11	14½	9¼	14½	16½
Prudential (*238)	220	21½	26½	29½	4½	8	11
	240	8½	14½	19½	13½	16½	19½
R.T.Z. (*539)	500	43½	58½	68½	9	16	21½
	550	16½	31½	41½	33½	40½	43½
Scot. & New (*452)	420	45½	52½	58½	5½	12	14½
	460	20	28	36½	18	28½	32½
Tesco (*260)	260	10½	18	24	10½	13½	16½
	280	4	9½	15½	23½	25	27½
Thames Water (*375)	360	32	34½	41½	10	20	23
	390	15½	20	27½	24	34½	37½
Vodafone (*359)	330	40½	45½	55½	4¼	10	13
	360	20½	27½	38½	15½	22½	25½
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*293)	280	4	16	21	7	11½	14½
	300	1¼	8	13½	21	24	25
Amstrad (*32)	30	3	6	7¼	1	3¼	4
	35	¼	4	5¼	4	6¼	7
Barclays (*370)	360	4½	19½	26½	10½	19	25
	390	½	9	14½	39½	40½	43½
Blue Circle (*258)	240	19	24½	30	1	10	14½
	260	6	14½	21½	6½	19½	24½
British Gas (*252)	240	14	19	24	1	7	8¼
	260	2	8¼	13¼	9¼	17	18
Dixons (*235)	220	16	27	30	1¼	6½	10½
	240	3¼	17	19½	7½	15	20
Eurotunnel (*446)	420	28	53½	68½	3	17½	26½
	460	8½	33½	48½	20½	36½	43½
Glaxo (*775)	750	34½	76½	100	8½	32	43½
	800	9½	50½	75	31½	54½	68½
Hillsdown (*168)	160	8½	16	21	2	9½	12½
	177	1¼	–	–	10½	–	–
Lonrho (*118)	110	10½	19	22	3¼	8½	10½
	120	4½	13½	17½	7½	12	16

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Midland Bk (*263)	260	9½	22	29½	5½	15	20
	280	4	13½	21	19	26	30½
National Power (*221)	215	8¼	18½	23½	2¼	7¼	11½
	235	1¼	9	13	14½	17½	21½
Reuters (*1157)	1150	30½	80	109	18	60	73
	1200	10½	58	85	49	88	100
R. Royce (*150)	140	6	12	17	3¼	7	8
	160	1	4¼	8	16	17	19
Scottish Power (*103)	100	4	9½	10	1¼	4¼	8
	110	¼	4¼	5¼	7	9	15
Sears (*103)	100	4	7½	10	2	7	9
	110	1	3½	6	8½	12½	13½
Forte (*226)	220	9	16½	20½	2	10½	13½
	240	2	6¼	11	14	23½	26
Thorn EMI (*808)	800	17	49½	53½	7½	21	37½
	850	3	24	29¼	40½	49½	66½
TSB (*131)	130	4½	11	12	2¼	6	8½
	140	¼	6	8	8½	11	14
Vaal Reefs (*554)	50	5½	8¼	9½	½	2¼	4½
	60	½	4	5¼	5	8	9½
Wellcome (*1023)	1000	42½	93½	125	12	43¼	60½
	1050	14½	65½	98½	37½	70	83½

EURO FT-SE INDEX (*2533)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Mar	175	129	89½	53½	27	12½	4	1½
Apr	206	166	131	100	72½	49½	33	22
May	–	190	–	123	–	72½	–	37½
Jun	–	204	–	139	–	86½	–	51
Sep	–	247	–	178	–	125	–	83
Dec	–	270	–	210	–	160	–	112
PUTS								
Mar	5	9½	17	31	56	87½	131	178
Apr	24½	33½	49	66	88	114	146	184
May	–	45	–	76½	–	122	–	185
Jun	–	48½	–	81	–	126	–	188
Sep	–	63	–	93	–	131	–	182
Dec	–	72½	–	110	–	145	–	190

FT-SE EUROTRACK 100 INDEX (*1162)

	1025	1050	1075	1100	1125	1150	1175	1200
CALLS								
Mar	–	100	75	53	33	20½	6½	2
Jun	150	130	105	87½	–	–	–	–
PUTS								
Mar	–	3	4	5	10	18½	31	56½
Jun	8½	10½	14	19½	–	–	–	–

FT-SE INDEX (*2533)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Mar	202	154	109	71	39½	18½	6½	2½
Apr	230	289	151	116	87½	62½	42½	28
May	252	212	176	142	111	85	64	46
Jun	265	225	189	156	127	101	79	59
Dec †	–	302	–	236	–	177	–	127
PUTS								
Mar	5	7½	13	24	45½	75½	118	168
Apr	24	32½	45	60	81½	108	142	180
May	31	41	54	73	93	121	152	187
Jun	36½	47½	60½	78½	99½	125	156	192
Dec †	–	67½	–	102	–	150	–	202

March 6 Total Contracts 26,676
Calls 11,149 Puts 15,527
FT-SE Index Calls 2,606 Puts 4,806
Euro FT-SE Calls 276 Puts 1,904
Eurotrack 100 Index Calls 0 Puts 5
*Underlying security price † Long dated expiry mths
Premiums shown are based on middle prices

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	20	ICI	40	Reed Intl	40	Mountleigh	2½		

Crédit Suisse profits surge 57% despite downgrading

By Ian Rodger in Zurich

CREDIT SUISSE, still smarting from the loss of Moody's triple A rating in January, has reported a 57 per cent surge in 1991 net income to SFr848m ($556m), raised its dividend and forecast higher profits in the current year.

Mr Robert Jeker, chief executive of Switzerland's third largest bank, said the "very satisfactory operational performance" re-established the long-term earnings trend and showed that 1990's profit slump was an exception.

"We foresee a further increase in profits this year," Mr Jeker said. However, he warned that the very high level of provisions for bad debts in 1991 – SFr1.1bn, 61 per cent above the previous year's figure – was likely to persist this year because of weak economic conditions in Switzerland and elsewhere.

Mr Jeker insisted that the downgrading of Crédit Suisse's long-term debt by Moody's was having no influence on the group's business. "All analysts know that our bank is solid and one of the best in the world," he claimed.

Last year, group total assets rose 4 per cent to SFr155.6bn and shareholders' equity rose 2.5 per cent to SFr8.4bn before the planned allocation to reserves of SFr240m from 1991 earnings. Mr Jeker said the group's capital adequacy provisions were SFr2bn in excess of the Swiss legal requirement.

Capital problems centre on CS Holding, the company set up in 1989 to hold Crédit Suisse and most of its financial and industrial affiliates. The Swiss Supreme Court has ruled that CS Holding must meet bank capital requirements for all its subsidiaries. CS Holding plans to spin off up to 20 per cent of the shares of Crédit Suisse to help raise its capital reserves.

The restoration of the Crédit Suisse dividend, to SFr23 per share after last year's reduction to SFr20 per share, will also help.

Net interest income of the Crédit Suisse group rose 14 per cent to SFr2bn and commission income jumped 21 per cent to SFr1.5bn as investment fund operations were buoyant. Trading income soared from SFr213m to SFr1.3bn, nearly a third of it coming from interest rate instruments, mainly via the London subsidiary, Credit Suisse Financial Products.

Mr Jeker said Crédit Suisse's international operations contributed 34 per cent of last year's gross profit compared with only 18 per cent in 1989.

"Even if we cannot extrapolate from this trend, it is nonetheless a strong indicator that business is thriving in deregulated financial centres in countries where market and operating conditions are optimal," he said.

SWISS BANK RESULTS 1991 (SFr million) (consolidated)

	UBS	SBC	Crédit Suisse
Net profit	1,216	1,032	848
Total assets	249,291	206,800	149,676
Loss provisions	1,329	1,454	1,136

Murdoch holding in News Corp diluted

By Kevin Brown in Sydney

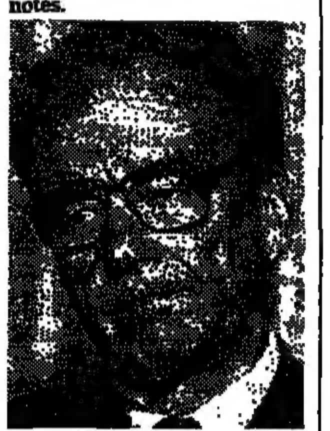
MR Rupert Murdoch's family shareholding in News Corporation has been diluted to 41 per cent from 44.8 per cent as a result of moves to strengthen the group's balance sheet following its financial crisis last year.

The dilution, which was expected, was divulged by News Corp in a filing to the Australian Stock Exchange. News Corp is incorporated in Adelaide, although it is run from the US.

News Corp said the number of voting shares held by Mr Murdoch and his family companies Cruden Investments and Kayarem had risen to 150m from 120m in September.

However, the family's holding was diluted by the issue of 96m new shares as part of News Corp's refinancing since the completion last year of a US$7.6bn debt rescheduling agreement with more than 100 banks.

The group issued 42m shares in December, and just under 2m in September and October as part of its dividend reinvestment plan for shareholders. The remaining 52m shares were issued on conversion of the company's convertible notes.



Rupert Murdoch: group's refinancing well received

News Corp announced the latest step in its refinancing on Thursday in New York, where News America Holdings, the group's principal US subsidiary, said it planned to raise about US$300m in zero coupon exchangeable subordinated notes.

News Corp has raised about US$1.5bn recently through the issue of notes and shares, asset sales, and the part-flotation of Pacific Magazines and Printing, an Australian subsidiary.

The refinancing programme has been generally well received. Standard and Poor's, the US credit rating agency, raised News Corp's long-term debt rating from BB minus to B in December.

Nestlé wins round in Perrier tussle

By William Dawkins in Paris

THE labyrinthine struggle between Nestlé and Italy's Agnelli family for control of Source Perrier, the French mineral water company, yesterday swung in favour of the Swiss food multinational.

A commercial court in Nîmes, near Perrier's spring in southern France, ruled that voting rights on a third of the 35.5 per cent Perrier stake owned by Exor, an Agnelli-controlled holding company, must be frozen for two years.

The move automatically cuts the Agnelli camp's total votes in Perrier from 49.3 per cent to to 37.5 per cent and is a partial victory for Nestlé in one of two crucial court actions it is undertaking to reduce the Italian stake.

Perrier's share price rose by FFr28 in response, to close at FFr1,568.

Previously, the Agnellis controlled 35.5 per cent of Perrier through Exor – now reduced to 23.7 per cent – and still hold another 13.8 per cent in Perrier treasury shares bought in January by Saint Louis, the paper and sugar group which they control with Worms et Cie, a family holding group.

"For the first time since the beginning of the conflict, Nestlé is in a good position to get control of Perrier," said Mr Sylvain Massot, European food and beverages analyst at Morgan Stanley International.

Exactly how much of Perrier is owned by the Swiss group will not be known until the FFr13.4bn ($2.3bn) hostile offer it is making for the water group, with Banque Indosuez, closes on March 24.

The three-month battle has deeply split the French business establishment. On the Nestlé side stand Banque Indosuez and Lazard, the bank which has traditionally dominated the takeover market. Lazard is loyal to BSN, the leading French foods group which is deeply anxious over the Agnellis' ambitions and is trying to force the Italians to negotiate.

The Agnellis, once close to Lazard, are backed by Exor, the commercial bank Société Générale, and the Worms family, a historic commercial dynasty.

Nestlé did not get all that it wanted from the Nîmes court yesterday, in that it had asked the judge to freeze all Exor's voting rights for five years, on the grounds that Exor and its allies had secretly built up control of Perrier against French takeover rules.

The Swiss group is trying to annul the sale of the 13.8 per cent Perrier stake to Saint Louis in another legal action, on the grounds that the transaction took place illicitly, in the knowledge that Nestlé was about to make an offer at a higher price.

That transaction is due for a ruling by the Paris commercial court on March 16, just under a week before Nestlé's offer closes. If the Swiss group wins, the Agnelli camp could end up with as little as 32 per cent of Perrier, estimated Mr Massot.

Exor said yesterday's ruling was "regrettable but not a catastrophe".

Aker falls steeply to NKr92m

By Karen Fossli in Oslo

AKER, the Norwegian cement, oil and gas technology group, yesterday reported a steep decline in profits before extraordinary items to NKr92m ($14m) from NKr632m for 1991 on turnover little changed at NKr13.6bn against NKr13.4bn.

The group has been hit by losses in the oil and gas division, which suffered a NKr300m charge for the loss of the Sleipner platform, plus a move into the red by cement and building materials.

Of the total Sleipner charge, NKr150m represents a realised loss while the remainder is a provision for future costs. "Uncertainty continues to surround the final financial outcome of the Sleipner loss," Aker said yesterday.

The oil and gas technology division net loss, before extraordinary items, was NKr79m against a profit of NKr339m. However, its order reserve rose to NKr13bn by the end of last year compared with NKr8bn at the end of 1990.

The division expects to increase turnover this year and is looking for a significant recovery. Profits are expected to be better than those which would have been recorded for 1991 before the Sleipner charge, the company said.

Cement and building materials suffered a NKr79m net loss, before extraordinary items, against a profit of NKr369m. The division saw staff cut by 704 to 4,269 and capacity cut by 850,000 tonnes. The division expects profits to fall further this year.

Included in group figures for 1991 is a NKr241m gain from the sale of Aker's 20 per cent stake in Noco, a small Norwegian oil company.

Aker has made organisational changes at Norwegian Contractors, the unit responsible for the construction of Sleipner. Mr Jan Moksnes replaces Mr Ulf Henriksen as managing director. Mr Tom Ruud, group president, takes over as NC's chairman, replacing Mr Gregers Kure.

Second half helps Amic restrict 1991 fall to 11%

By Philip Gawith in Johannesburg

AN improved second half allowed Anglo American Industrial Corporation (Amic) to restrict the decline in full year 1991 earnings to 11 per cent.

Profits at Amic, the industrial arm of the giant Anglo American group, improved by 5.6 per cent in the second half following a 25.4 per cent reduction in the first six months. Full year net earnings fell to R401m ($139m) from R451m.

Turnover was 5.5 per cent higher at R6.46bn, but earnings at the operational level were 24 per cent down at R434m. Income from associate companies and investment and interest income also dropped.

Mr Graham Boustred, the retiring chairman, said the results reflected a deepening domestic recession and further deterioration in world markets.

Of the main profit contributors, both Highveld Steel and AECI, the chemicals company, were hard hit, with Highveld's attributable earnings dropping to R96m from R150m while earnings at AECI dropped to R187m from R238m. Earnings also fell at Boart International, a key supplier to mining markets, to R48.2m from R66m.

Companies that managed to lift earnings included Mondi, the forest products group, and Scaw Metals. Mondi's attributable earnings rose by 18 per cent to R110m and Scaw lifted earnings to R84m from R78m.

Mr Boustred said the group was budgeting for a modest increase in earnings this year. The 1991 dividend is being held at 350 cents per share.

Winning Somex bidder pulls out

By Damian Fraser in Mexico City

THE winning bidder for the Mexican bank Somex, which was privatised on Sunday, has pulled out of the deal after key investors baulked at paying the agreed price of $846m for nearly 82 per cent of the bank.

The move will not surprise too many observers of the Mexican banking scene. The purchase price had been widely described as too high. It represented 29 times last year's earnings and was 4.6 times the bank's book value.

Mr Eduardo Creel, who headed the winning financial group, said some of his investors had shown "doubts with respect to the reasonableness of the bid presented," and his group would thus not make the first payment due on the bank. Mr Creel and his team thus forfeits its deposit of 50,000m pesos ($16.1m).

The finance ministry has awarded Somex to the second highest bidder, investors from the brokerage Invermexico, who had offered $605m for 81.62 per cent of the bank, 21 times earnings, and 3.3 times book value.

In the past nine months the government has sold 12 banks in auctions for 30.75bn pesos at an average of 21 times historic earnings.

Renault to raise fresh cash for Argentina arm

By William Dawkins in Paris

RENAULT, the French state-owned car maker, is to raise fresh cash for its loss-making Argentinian arm, to help it increase production for the South American common market, due to come into effect in 1995.

The group currently owns 72 per cent of Renault Argentina, with the remaining 28 per cent held by local private investors. It plans to inject the 72 per cent stake into a new holding group, to be owned two thirds by outside investors and one third by Renault.

The price of the shares, and hence the amount of fresh capital the exercise will attract, has yet to be fixed, said a Renault official. Renault made 35,000 cars of the 200,000 sold in Argentina last year, by far its largest market within the region.

It made a FFr330m ($59.12m) loss there last year, a legacy of the high inflation that crippled Argentina until the sweeping economic reforms of President Carlos Menem had time to take effect.

Renault officials stress that they have faith in the reforms, and that they did not plan to restructure the group's business in Argentina. However, they do not feel they can launch aggressively into neighbouring countries without local partners.

The plan for a South American common market, or Mercosur, was agreed a year ago between Argentina, Brazil, Uruguay and Paraguay.

They aim to curb trade barriers between each other and set joint rules on anti-dumping, investment and intellectual property.

Saison takes full control of hotels chain

By Robert Thomson in Tokyo

SAISON, the Japanese retail and consumer credit group, yesterday confirmed plans to make the Inter-Continental Hotels chain a wholly-owned subsidiary by acquiring the 40 per cent held by Scandinavian Airlines System (SAS).

The cash-strapped airline, which bought the stake for $500m two years ago, was chosen as a partner for Seiyu, a Saison company, in the hope of broadening the international appeal of the chain and to help finance the cost of a refurbishment programme.

Inter-Continental, which Saison acquired for $2.15bn, has reported operating profits for the last three years but financing costs have pushed it into the red.

The hotel chain said that there will not be a sell-off of the group's assets.

Trelleborg tumbles 78%

TRELLEBORG, the Swedish mining and industrial group, yesterday reported a 78 per cent fall in profits after financial items to SKr512m ($84m) for 1991, but decided to maintain an unchanged dividend of SKr6.50 a share, writes **John Burton in Stockholm**.

The board proposes a one-for-five rights issue to raise SKr913m. The funds would be used for investments in foreign mining operations as well as to finance possible acquisitions.

Sales for the group fell by 15 per cent to SKr21.5bn, reflecting the slowdown in the construction industry and weaker metal prices.

Mining units Boliden Mineral and Boliden International suffered losses of SKr62m and SKr23m respectively.

Alenia declines sharply despite sales advance

ALENIA, the Italian state-owned aerospace and electronics group, suffered a sharp drop in net profits to L56bn ($44.7m) last year from L97bn in 1990, despite a 15 per cent rise in group sales to more than L4,800bn from L4,175bn in 1990, writes **Haig Simonian in Milan**.

At parent company level, the company only broke even last year after setting aside L138bn in depreciation charges and provisions. As a result, the dividend, paid by the parent company, is being cut to L60 a share from L90 the previous year – itself reduced from L130 in 1989.

Alenia blamed its earnings fall on the worldwide downturn in defence and civil aviation orders, as well as adverse exchange rate movements between the lira and the dollar. Despite the difficulties, the order book edged up to L11,600bn last year from L10,500bn in 1990.

The group, which was formed from the merger in December 1990 of the Selenia defence electronics concern and the Aeritalia aerospace business, has been trying to slim down in response to the tougher business climate.

Staff numbers remained virtually static at around 30,000 last year. However, last November Alenia reached agreement with the government and unions to cut the workforce by about 3,000 over the next three years.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$349.7	-3.5	$370.4	$403.25	$345.25
Silver Per troy oz	241.40p	+6.34	272.7 p	280.55p	183.35p
Aluminium 99.7% (cash)	$1278	-20.5	$1531	$1570	$1082.5
Copper Grade A (cash)	£1300	+4.5	£1301	£1472	£1147.0
Lead(cash)	£301.75	+10.25	£328	£382.5	£279.00
Nickel (cash)	$7625	-40	$8615	$9237.5	$7090.0
Zinc SHG (cash)	$1208	+20.5	$1211	$1430	$990.25
Tin (cash)	$5625	+30	$5575	$5915	$5425.0
Cocoa Futures (May)	£676	-16	£680	£829	£596
Coffee Futures (Mar)	£458	+8	£555	£620	£458
Sugar (LDP Raw)	$207.1	+3.6	$236	$293	$194
Barley Futures (May)	£117.45	-1.85	£121.75	£122.95	£107.75
Wheat Futures (May)	£126.60	-2.20	£131.95	£141.10	£111.80
Cotton Outlook A Index	55.30c	-0.90	84.15c	86.25c	55.30c
Wool (64s Super)	480p	nc	330p	480p	329p
Oil (Brent Blend)	$17.45x	-0.05	$18.85	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Apr.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	654	653	655 650
May	675	676	680 672
Jul	705	705	708 701
Sep	731	730	733 726
Dec	765	765	767 762
Mar	796	795	797 795
May	817	817	818 815
Sep	857	855	856

Turnover: 2227 (4159) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.5 828.87 (841.38) 10 day average for Mar.6 836.45 (859.81)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	780	787	786 776
May	803	806	809 795
Jul	826	832	831 817
Sep	852	854	856 840
Nov	877		878 864
Jan	905		900 894

Turnover:2865 (3320) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.5: Comp. daily 54.00 (55.50) 15 day average 55.05 (55.26)
Starling close: March £458

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	121.0	120.8	120.6 120.0
May	144.5	143.5	145.0 144.0
Apr	130.1	130.0	130.1 129.0

Turnover 105 (125) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	131.00	131.50	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Mar	1290	1275	1285 1275
Apr	1340	1333	1354 1340
May	1343	1320	1330 1325
Jul	1168	1153	1160 1150
Oct	1306	1297	1310 1300
BFI	1227	1227	1227

Turnover 258 (250)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	126.60	127.00	126.65 126.15
Jun	128.35	128.70	128.30 128.25
Sep	112.90	112.60	112.65 112.65
Nov	116.05	115.85	116.00 115.85
Jan	119.85	119.65	119.70 119.65
Mar	122.90	122.65	122.75

Barley	Close	Previous	High/Low
Mar	114.30		114.50
May	117.45	117.40	117.50

Turnover: Wheat 431 (394). Barley 5 (5).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Mar	121.0		120.5 120.5
Apr	119.8	118.5	119.5 119.3
May	119.0	119.0	118.5
Jun	116.5	116.5	116.3
Jul	110.5	110.5	110.2
Aug	109.0		108.5
Sep	110.5		110.0 109.8

Turnover:37 (49) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,558 lots
Cash	1277.5-78.5	1293-4		1281-82		
3 months	1302-03	1317-7.5	1309/1296	1305-06	1300-01	151,445 lots
Copper, Grade A (£ per tonne)						Total daily turnover 20,367 lots
Cash	1299-301	1318-9	1297	1296-97		
3 months	1322-23	1334-4.5	1323/1318	1320-21	1318-19	120,264 lots
Lead (£ per tonne)						Total daily turnover 2,242 lots
Cash	301.5-2.0	303.5-4.5	301.5/300.5	301.5-2.0		
3 months	312-2.25	313-4	313/309.5	311-1.5	312.5-13	15,186 lots
Nickel ($ per tonne)						Total daily turnover 3,686 lots
Cash	7620-30	7480-90		7525-30		
3 months	7700-10	7565-75	7705/7580	7590-91	7700-05	23,457 lots
Tin ($ per tonne)						Total daily turnover 1,079 lots
Cash	5620-30	5595-95		5638-40		
3 months	5655-60	5625-30	5690/5630	5670-75	5645-50	8,766 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 12,339 lots
Cash	1205-07	1215-7	1208/1206	1207.5-8.0		
3 months	1210-13	1220-1	1218/1211	1212.5-13	1211-12	47,950 lots

LME Closing £/$ rate:
SPOT: 1.7185 3 months: 1.6939 6 months: 1.6680 9 months: 1.6504

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	349.50-349.90	
Opening	350.60-350.90	
Morning fix	350.55	204.164
Afternoon fix	349.40	203.651
Day's high	351.40-351.70	
Day's low	348.60-348.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.67	6 months	3.67
2 months	3.66	12 months	3.69
3 months	3.66		

Silver fix	p/fine oz	US cts equiv
Spot	241.40	415.35
3 months	247.65	419.75
6 months	253.95	424.60
12 months	265.60	434.75

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	349.50-350.50	204.00-204.50
Maple leaf	360.00-361.00	210.00-210.50
New Sovereign	85.50-86.50	50.00-50.60

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jun	May	Jun
1200	110	130	12	20
1300	47	68	48	56
1400	14	30	114	117

Copper (Grade A)	Calls		Puts	
2150	97	104	10	24
2250	35	48	47	66
2350	8	17	118	134

Coffee	May	Jul	May	Jul
750	24	32	21	54
800	58	57	5	27
850	8	16	55	90

Cocoa	May	Jul	May	Jul
675	22		21	
700	13	37	37	32
725		27		47

Brent Crude	Apr	May	Apr	May
1750	16	50	20	45
1800	5	28		
1850		18		

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.25-5.35w	-0.15
Brent Blend (dated)	$17.25-7.35w	-0.15
Brent Blend (Apr)	$17.40-7.50	-0.20
W.T.I. (1 pm est)	$18.50-8.60w	-.275

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$198-199	-0.5
Gas Oil	$156-157	-2
Heavy Fuel Oil	$72-74	
Naphtha	$179-181	+0.5

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$349.7	-0.85
Silver (per troy oz)♣	417.0c	+3.5
Platinum (per troy oz)	$363.60	-1.4
Palladium (per troy oz)	$84.00	-0.25
Copper (US Producer)	108.4c	-0.26
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.10r	
Tin (New York)	280.5c	+2
Zinc (US Prime Western)	82c	
Cattle (live weight)†	108.12p	-0.08
Sheep (live weight)†♠	102.05p	-0.11
Pigs (live weight)†	95.41p	-0.02
London daily sugar (raw)	$207.1v	-1.8
London daily sugar (white)	$264.7v	+0.3
Tate and Lyle export price	£228.0	-1.5
Barley (English feed)	£120.75	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	53.00p	
Rubber (May)♥	53.25p	
Rubber (KL RSS No 1 Mar)	210.0m	-0.5
Coconut oil (Philippines)§	$640.0t	-5
Palm Oil (Malaysian)§	$390.0	
Copra (Philippines)§	$415.0w	-10
Soyabeans (US)	£159.0q	
Cotton "A" index	55.30c	-0.35
Wooltops (64s Super)	480p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jun/Jly u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb w-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	181.00	180.80	182.00 180.00
Aug	185.40	185.20	184.80
Oct	187.00	186.80	186.60
Mar	188.60		187.80

White	Close	Previous	High/Low
May	264.0	262.0	263.0 262.0
Aug	266.0	265.0	265.5 264.8
Oct	259.0	258.0	259.0 258.4
Dec	260.8		259.5

Turnover: Raw 71 (247) lots of 50 tonnes. White 1080 (848)
Paris- White (FFr per tonne): May 1498.68 Aug 1529.94

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Apr	17.46	17.41	17.61 17.43
May	17.52	17.44	17.64 17.49
Jun	17.56	17.50	17.66 17.55
Jul	17.54	17.50	17.68 17.54
Oct	17.62	17.65	17.65 17.62
Dec	17.61		17.65 17.61
IPE Index	17.51	17.38	

Turnover 21617 (21675)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Mar	157.00	159.00	158.75 157.00
Apr	157.75	159.25	159.25 157.50
May	158.25	160.25	160.50 158.25
Jun	160.50	162.50	162.25 160.50
Jul	163.00	164.25	163.75 162.75
Aug	165.50	166.50	165.75 165.25
Sep	167.25	168.25	168.00 167.25
Oct	169.75	170.75	170.00 169.75
Nov	171.00	172.00	171.00

Turnover 11000 (7760) lots of 100 tonnes

SPICES
Industrial demand for spices has been slack because of holidays in Europe, reports Man-producten. All spice/pimento: demand from central and south east Europe increasing, Mexican and Jamaican spot US$2,550, Jamaica shipment $2,400 cif. Nutmegs/mace: no significant change. Cassia: Indonesian, no change, ka/va sticks $1,625, kb broken/cleaned $1,180, vera as cuttings $1,900 all cif. Madagascar cinnamon spot scarce, shipment offered at FF6.35 cif. Nigerian split ginger spot and April delivery $900. China whole peeled no.1 shipment $1,800 cif. Indian cochin ginger firm at $1,150-$1,175 cif.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	349.5	351.4	0	0
Apr	350.3	352.3	352.5	349.2
May	351.6	353.6	0	0
Jun	352.5	354.8	354.8	352.0
Aug	354.8	356.9	356.4	354.7
Oct	357.1	359.2	357.7	357.0
Dec	359.6	361.7	360.8	359.5
Feb	362.2	364.3	363.2	362.8
Apr	364.8	366.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	365.1	366.1	0	0
Apr	363.6	367.1	366.5	362.7
Jul	363.1	366.6	365.0	362.0
Oct	365.6	369.1	367.5	366.0
Jan	365.6	369.1	367.0	366.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	415.2	413.3	419.5	414.0
Apr	416.4	414.6	0	0
May	418.3	416.5	422.5	416.5
Jul	421.7	419.8	425.5	420.0
Sep	425.5	423.6	427.0	427.0
Dec	431.2	429.2	435.0	430.0
Jan	433.0	430.9	0	0
Mar	437.4	435.3	441.0	440.0
May	442.1	439.9	445.0	445.0
Jul	446.7	444.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	101.15	101.85	101.95	101.10
Apr	101.30	101.85	101.70	101.70
May	101.15	101.75	102.00	100.95
Jun	100.85	101.35	101.00	101.00
Jul	100.75	101.00	101.30	100.70
Aug	100.50	100.75	100.85	100.80
Sep	100.25	100.45	100.50	100.40
Oct	100.10	100.30	0	0
Nov	99.95	100.20	0	0
Dec	99.85	100.05	100.00	99.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.12	8.12	8.21	8.11
Jul	8.25	8.25	8.30	8.24
Oct	8.38	8.35	8.39	8.35
Mar	8.59	8.59	8.60	8.55
May	8.67	8.63	8.64	8.64
Jul	8.71	8.67	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.50	18.55	18.67	18.50
May	18.70	18.72	18.84	18.69
Jun	18.83	18.84	18.93	18.81
Jul	18.88	18.90	19.00	18.88
Aug	18.97	18.92	19.00	18.94
Sep	18.97	18.93	19.00	18.97
Oct	18.98	18.94	19.03	19.00
Nov	18.96	18.95	18.96	18.96
Dec	18.92	18.97	19.02	18.98
Jan	18.88	18.93	18.94	18.93

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5125	5152	5170	5125
May	5105	5128	5145	5100
Jun	5110	5118	5135	5110
Jul	5160	5140	5190	5145
Aug	5225	5210	5240	5225
Sep	5360	5335	5365	5360
Oct	5455	5445	5465	5465
Nov	5570	5545	5575	5560
Dec	5655	5645	5675	5655
Jan	5690	5675	5705	5690

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1006	1015	1020	1010
May	1043	1052	1056	1041
Jul	1080	1088	1090	1078
Sep	1114	1120	1122	1114
Dec	1159	1165	1169	1159
Mar	1200	1209	1205	1199
May	1228	1236	1231	1231
Jul	1258	1268	0	0
Sep	1291	1301	0	0
Dec	1326	1336	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	70.40	67.25	69.00	66.70
May	71.05	68.40	71.20	67.30
Jul	73.40	71.15	73.50	69.90
Sep	76.25	73.50	76.25	72.50
Dec	79.50	76.65	79.25	76.00
Mar	82.50	80.00	82.50	79.05
May	85.50	83.00	82.50	82.50
Jul	88.00	86.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	52.85	53.70	53.50	52.86
May	54.03	55.10	54.40	53.90
Jul	55.77	56.90	56.25	55.75
Oct	58.60	59.56	59.20	58.60
Dec	59.50	60.31	59.90	59.50
Mar	60.85	61.87	61.10	60.85
May	61.45	62.50	61.60	61.40
Jul	61.95	62.90	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	145.00	142.35	145.50	141.05
May	142.60	138.75	143.75	137.65
Jul	140.00	135.50	140.50	134.90
Sep	133.75	130.50	135.50	130.00
Nov	124.00	121.60	125.00	121.35
Jan	122.50	121.50	125.00	121.00
Mar	122.25	121.25	125.50	121.00
May	122.25	121.25	0	0
Jul	122.25	121.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.6	Mar. 5	mnth ago	yr ago
1608.9	1618.9	1572.7	1715.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.5	Mar.4	mnth ago	yr ago
Spot	N/A	117.86	117.38	126.74
Futures	N/A	122.80	122.58	130.67

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	591/2	588/2	595/4	587/4
May	601/0	597/0	604/4	596/4
Jul	611/4	607/4	614/4	606/6
Aug	615/4	612/4	619/4	612/0
Sep	619/0	614/4	621/2	614/4
Nov	627/2	623/4	630/4	622/4
Jan	636/0	631/2	639/0	631/2
Mar	645/0	640/0	646/4	640/0
May	651/4	647/0	652/0	645/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.88	20.45	20.90	20.45
May	21.12	20.70	21.19	20.69
Jul	21.42	21.02	21.46	21.00
Aug	21.57	21.19	21.60	21.17
Sep	21.71	21.32	21.71	21.30
Oct	21.81	21.43	21.85	21.65
Dec	22.11	21.71	22.20	21.75
Jan	22.12	21.77	22.30	22.00
Mar	22.52	21.95	22.60	22.45
May	22.65	22.02	22.65	22.65

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	175.7	176.0	177.0	175.6
May	177.9	178.1	179.3	177.8
Jul	180.6	180.8	182.2	180.8
Aug	181.7	181.8	182.8	181.7
Sep	182.9	183.0	184.0	182.4
Oct	197.8	198.1	199.0	197.8
Dec	199.3	199.5	200.9	199.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	267/2	267/0	269/4	267/0
May	275/6	275/2	277/0	274/6
Jul	281/2	280/2	282/4	280/0
Sep	277/4	276/4	278/2	276/6
Dec	274/0	273/0	276/0	272/6
Mar	280/2	279/2	280/6	279/2
May	282/6	282/0	283/4	282/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	403/0	400/4	407/4	401/4
May	392/6	394/0	399/0	391/4
Jul	361/4	361/4	366/6	360/2
Sep	364/2	365/0	369/4	364/2
Dec	393/4	393/4	397/4	392/4
Mar	395/4	396/0	401/0	396/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	79.150	78.800	79.450	78.800
Jun	74.850	74.525	75.000	74.600
Aug	70.350	70.000	70.850	70.050
Oct	69.075	68.575	69.250	68.700
Dec	69.750	69.375	69.850	69.425
Feb	69.350	68.950	69.650	69.300
Apr	70.250	0	70.500	70.250

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	41.575	40.375	41.675	40.375
Jun	46.525	45.175	46.675	45.250
Jul	46.275	45.200	46.550	46.200
Aug	44.200	43.600	44.900	43.600
Oct	41.425	40.700	41.800	40.700
Dec	44.700	43.825	45.150	43.850
Feb	45.850	44.850	45.900	44.900
Apr	43.000	42.450	43.000	42.500

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	35.625	34.300	35.300	34.200
May	36.800	35.625	37.625	35.450
Jul	37.550	36.525	38.475	36.450
Aug	36.100	35.350	37.350	35.450
Feb	49.000	48.500	49.200	48.400
Mar	47.800	46.600	47.800	47.750

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

More good news for dollar

THE dollar crept cautiously higher in late European trade yesterday after rumours of intervention by the Bundesbank and Federal Reserve proved false, and dealers turned their attention back to a surprisingly strong US February employment report, *writes Neil Buckley.*

The dollar had opened at DM1.6685/95 but spent a nervous morning waiting for the employment data, and later came under pressure as the Swiss National Bank finally intervened against both the dollar and the D-mark to support the ailing Swiss franc.

It rebounded to a DM1.6777 high when the non-farm payroll figure showed a large increase of 164,000, higher than the most optimistic estimates.

At this point, the SNB was reported to have intervened once more, concentrating this time on aggressive dollar selling. This sparked rumours of wider intervention which knocked the dollar back to DM1.6570 before the market realised they were untrue and the dollar began its upward climb again. It closed at DM1.6695 in London.

Volatile trading in New York left it at DM1.6690 by midday.

"The payroll data were much stronger than expected and seemed to confirm the view that the US economy is in the early stages of recovery," said Mr Gerard Lyons, chief economist at DKB International. "The Fed now has little scope for easing interest rates."

In Japan, a disappointing Tankan survey provided more evidence of economic weakness. The Bank of Japan is now widely expected to ease interest rates, possibly after March 13, when the lower house is due to approve next year's budget.

Efforts by Mr Hiroshi Yasuda, the deputy finance minister, to talk the dollar down by warning of possible coordinated intervention by the G7 countries had little effect, and the dollar looks set to remain in its new range above Y130. It closed yesterday little changed at Y131.75, from Y131.85

The Swiss National Bank's intervention managed to strengthen the Swiss franc against the D-mark from SFr0.9110 on Thursday to SFr0.9090 yesterday.

The Bank of Canada also acted to underpin its currency by raising its prime rate by 75 basis points to 8.25 per cent.

In the EMS, the peseta went through its ceiling to 6.38 per cent above its pivot against bottom-placed sterling, before slipping back to 6.23 per cent.

Sterling had another shaky day. It closed steady against the D-mark at DM2.8700, but had earlier dipped below DM2.8660 to touch its effective floor against the D-mark. Dealers said that only the threat of intervention around that level moved the currency back up.

Against the dollar, sterling firmed very slightly to $1.7185 from $1.7165 on Thursday.

£ IN NEW YORK

Mar.6	Latest	Previous Close
£ Spot	1.7200-1.7210	1.7170-1.7180
1 month	0.92-0.90pm	0.92-0.90pm
3 months	2.57-2.54pm	2.58-2.55pm
12 months	8.30-8.20pm	8.35-8.25pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 6	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.827	-3.59	6.14	62
Belgian Franc	42.4032	42.0446	-0.85	3.19	[illegible]
Dutch Guilder	2.31643	2.30052	-0.70	3.04	[illegible]
D-Mark	2.05586	2.04462	[illegible]	2.98	[illegible]
Italian Lira	1538.24	1532.64	-0.36	2.70	15
Irish Punt	0.767417	0.765992	-0.24	2.57	8
French Franc	6.89509	6.94655	0.75	1.56	-44
Danish Krone	7.84195	[illegible]	1.05	1.26	[illegible]
Sterling	0.696904	0.713083	2.32	0.00	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Mar 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7100 - 1.7300	1.7180 - 1.7190	0.92-0.90cpm	6.35	2.57-2.54pm	5.95
Canada	2.0355 - 2.0420	2.0355 - 2.0365	0.59-0.52cpm	3.27	1.52-1.39pm	2.86
Netherlands	3.2220 - 3.2325	3.2225 - 3.2325	[illegible]	0.70	[illegible]	0.70
Belgium	58.85 - 59.10	58.95 - 59.05	6-3cpm	0.92	14-9pm	0.78
Denmark	11.0950 - 11.1625	11.1525 - 11.1625	[illegible]	0.60	[illegible]	0.49

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 6⅛-5⅞ per cent; three years 6⅝-6⅜ per cent; four years 7⅛-7 per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

EXCHANGE CROSS RATES

Mar.6	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.719	2.870	226.5	9.745	2.600	3.226	2150.	2.036	59.05	1.404
$	0.582	1	1.670	131.8	5.669	1.517	1.878	1251	1.184	34.35	0.817
DM	0.348	0.599	1	78.92	3.395	0.909	1.125	749.1	0.709	20.57	[illegible]
YEN	4.415	7.589	12.67	1000.	43.02	11.51	14.25	9492	8.989	260.7	6.199
F Fr.	1.026	1.764	2.945	232.4	10.	2.676	3.312	2206	2.089	60.60	1.441
S Fr.	0.383	0.659	1.100	86.85	3.737	1	1.238	824.4	0.781	22.64	0.538
N Fl.	0.310	0.533	0.889	70.17	3.019	0.808	1	666.0	0.631	18.29	0.435
Lira	0.465	0.800	1.335	105.3	4.533	1.213	1.501	1000.	0.947	27.47	0.653
C$	0.491	0.844	1.410	111.2	4.786	1.281	1.585	1056	1	29.00	0.690
B Fr.	1.693	2.911	4.860	383.6	16.50	4.417	5.467	3641	3.448	100.	2.378
Ecu	0.712	1.224	2.044	161.3	6.941	1.858	2.299	1531	1.450	42.06	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7185	1.7094	1.6929	1.6705	1.6360
D-mark	2.8700	2.8681	2.8653	2.8612	2.8504
French Fr.	9.7450	9.7409	9.7382	9.7349	9.7162
Swiss Fr.	2.6075	2.6028	2.5933	2.5784	2.5472
Yen	226.50	225.49	223.44	220.44	215.13

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
106	-	-	-	0.11	-	-
107	-	-	-	0.25	[illegible]	-
108	1.16	-	-	0.61	-	-
109	0.61	1.34	-	0.95	1.34	-
110	0.30	0.77	-	1.58	-	-
111	0.12	-	-	-	-	-
112	0.04	0.27	-	-	-	-
Open Int.	94,509	11,795	380	70,283	5,076	400

Estimated volume 28,983 Total Open Interest 172,410

BANK RETURN

BANKING DEPARTMENT	Wednesday March 4, 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	86,656,619	+ 3,881,112
Bankers Deposits	1,588,545,298	- 7,247,540
Reserve and other Accounts	3,446,512,599	+ 116,390,881
	5,146,267,514	+ 112,829,553
ASSETS		
Government Securities	1,442,958,175	+ 183,519,647
Advance and other Accounts	1,943,803,727	- 93,893,777
Premises Equipment & other Secs	1,748,552,826	+ 39,807,381
Notes	10,739,892	+ 3,612,448
Coin	204,894	- 16,146
	5,146,267,514	1 112,829,553
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,509,260,108	+ 56,387,552
Notes in Banking Department	10,739,892	+ 3,612,448
	15,520,000,000	+ 60,000,000
ASSETS		
Government Debt	11,015,000	
Other Government Securities	9,281,470,937	+ 1,547,247,432
Other Securities	6,227,513,963	- 1,487,247,432
	15,520,000,000	+ 60,000,000

BASE LENDING RATES

MONEY MARKETS

Rate hopes subside

ANOTHER busy day on the UK money market saw continuing jitters and evaporating rate cut hopes prompt operators to take money back and reduce their exposure risk.

Rates moved firmly into line behind a 10½ per cent base rate, reflecting widespread resignation that the long-awaited cut will not come next week, or even before the general election, owing to continued sterling weakness.

Nervousness was fuelled by an opinion poll showing the Conservatives running neck-and-neck with the opposition Labour party, threatening a hung parliament and a long period of political uncertainty.

The three-month interbank rate was unchanged at 10⅝-10½ per cent, with the yield curve looking flat all the way to the 12-month end, which eased 1/16 to 10⅝-10 9/16 per cent.

The March short sterling contract firmed slightly to 89.60 down from 89.58, while the June contract ended unchanged at 89.79.

Most market participants had cut their book right back, and were awaiting Tuesday's Budget to re-assess the situation. This hampered the authorities' efforts to relieve a large shortage - first put at £1,450m, and raised to £1.5bn at midday.

The shortage, due mainly to treasury bills and maturing assistance of £1,239m and bills for repurchase worth £237m, apparently lay not with the discount banks but the clearing banks, which can always cause problems.

The discount houses seemed to have contributed as much as they wished to in the early round, when the Bank purchased only £10m of band 1 bank bills outright at 10⅜ per cent, and £200m for repurchase by the market on March 26 and 27 at 10⅞ per cent.

At midday, the Bank purchased only £207m of band 1 and 2 bank bills, and £164m for repurchase.

In the afternoon, the situation improved as the Bank was able to purchase £668m of band 1 and 2 bank bills outright, and provided late assistance of £180m to take the day's total up to £1,429m.

This kept overnight rates around 11¼-11 per cent, dropping to around 9 per cent towards the close.

German call money rates were unchanged at 9.60/65 per cent, but traders said activity was hampered by strikes by some bank workers.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

POUND - DOLLAR

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system. they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2379

Exchequer 10½% Stk 2005 - £108¾ 109¾ (3Mr92)

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £117¾ ⅝ ¾

Corporation and County Stocks

No. of bargains included nil

Birmingham Corp 3% Stk 1947(or after) - £27 (4Mr92)

Sterling Issues by Overseas Borrowers

No. of bargains included 21

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £105¼ (28Fe92)

Bank of Greece 10⅛% Ln Stk 2010(Reg) - £94½ (4Mr92)

Credit Foncier De France 10¾%GtdSerLnStk2011,12,13,14(Reg) - £104¾

Electricite de France 12½% Gtd Ln Stk 2008(Reg) - £122 ⅝ ¾

11¼% Gtd Ser Ln Stk 2009/12(Reg) -

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Listed Companies(excluding Investment Trusts)

Investment Trusts

Lloyds Smaller Co's Inv Tst PLC Package Units (Comp 1Dw&1CapShare) - 99 (4Mr92)

London & St Lawrence Investment PLC Ord 5p - 112 (28Fe92)

London & Strathclyde Trust PLC 6% Cum Prf Stk - £45¾ (3Mr92)

Martin Ind Green Inv Tst PLC Ord 25p - 70 (4Mr92)

Moorgate Smaller Co's Inc Trust PLC Ord 25p - 104 6 .053 ½ 7

Wts to Sub for Ord - 40

Morgan Grenfell Equity Inc Tst PLC Ord 25p - 78½ 9 ½ 80 ½ 1 4

Wts to Sub for Ord - 14 (4Mr92)

Multitrust PLC Ord 25p - 35

New Guernsey Securities Trust Ld Ord 25p - 74 (28Fe92)

New Throgmorton Trust(1983) PLC Zero Cpn Deb Stk 1998 - £52 (28Fe92)

Paribas French Investment Trust PLC Sers "A" Warrants to sub for Ord - 15 (3Mr92)

Sers "B" Warrants to sub for Ord - 15 (3Mr92)

Rights and Issues Inv Trust PLC 5½% Cum Prf £1 - 70 (2Mr92)

St. David's Investment Trust PLC Zero Div Prf 100p - 112¾♦ 3¾♦

Schroder Korea Fund PLC Ord $0.01 (Reg) - $10.1

Ord $0.01 (Br) - $10.2 (28Fe92)

Wts to Sub for Ord (Reg) - $2¾ ⅞

Scottish Eastern Inv Trust PLC 4¾% Cum Prf Stk - £42 (4Mr92)

12¾% Deb Stk 2012 - £117¾ ⅞ (2Mr92)

Miscellaneous Warrants

USM Appendix

Rule 535(2)

Wadworth & Co 8¾% Cum Prf £1 - £0.94 (2Mr92)

Weetabix Ld"A" Non.V Ord 25p - £10.05 10.1

Yorkdale Holdings PLC Ord £1 - £0.095 0.09625

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

City Developments S$50.02

Community Psychiatric Centers $35.625♦ (2/3)

Dainippon Screen Manufacturing Y1037.19

Harland (John H) Co $22.625♦ (2/3)

Hysan Development HK$9.512 (4/3)

Keystone International £13.89♦

Kulim Malaysia Ord 25 (4/3)

Kulim Malaysia Ord (Malay Ord) RM1.55 (2/3)

Niugini Mining A$3.28 (28/2)

Oil Search 30

Palabora Mining $17.125♦ (3/3)

Playmates Hldgs HK$4.81 (4/3)

Portman Mining 62 (2/3)

Regal Hotels (Hldgs) HK$1.15 (4/3)

Selangor Properties RM1.31 (3/3)

Storer Communications $K259.25 (2/3)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Equities await the Budget account

By Terry Byland, UK Stock Market Editor

THE LAST day of the pre-Budget trading account in UK equities featured significant activity in specific stocks as the institutions balanced their portfolios ahead of Mr Norman Lamont's speech next Tuesday afternoon. Traders were surprised by the disclosure of another fund-raising move, although Thorn-EMI's rights issue call for £516m was well-received in a market taking a favourable view of the group's purchase of Virgin Music.

Trading volume in equities remained high, although Seaq-reported deals of 538.4m shares slipped below Thursday's 608.4m. But traders maintained that the all-important retail business total, which reached £1.1bn on Thursday, probably declined yesterday; detailed statistics on retail business for Friday's equity trading session will not be available until Monday.

Account Dealing Dates		
First Dealings:		
Feb 24	Mar 9	Mar 23
Option Declarations:		
Mar 5	Mar 19	Apr 2
Last Dealings:		
Mar 6	Mar 20	Apr 3
Account Day:		
Mar 16	Mar 30	Apr 13

*New-time dealings may take place from 8.30 am two business days earlier.

With the latest public opinion polls indicating that public ratings of the Conservative and Labour parties remain close together, the stock market had little definitive lead. The pound remained nervous in the wake of Thursday's fall, with the sterling/D-Mark rate finally unchanged in London. Some analysts in the City of London have now resigned themselves to the view that the UK general election expected early in April will produce a "hung" parliament, with no political party winning an overall majority in the UK parliament; this would imply the likelihood of an other general election in the UK later this year, with a further period of uncertainty.

Government bonds steadied after two sessions of falling prices and recovered about ¼ of recent falls. But the bond sector remained nervous, reflecting the growing worry over the level of Public Sector Borrowing Requirement and the sudden downturn in sterling on Thursday.

The FT-SE Index closed 5.2 down at 2,533.1, having moved erratically between 2,542.7 and 2,528.6 during the session. The mood was helped in late dealings by a fairly steady performance on Wall Street, which shed only 2.68 on the Dow Average in early deals following the announcement of the US employment data.

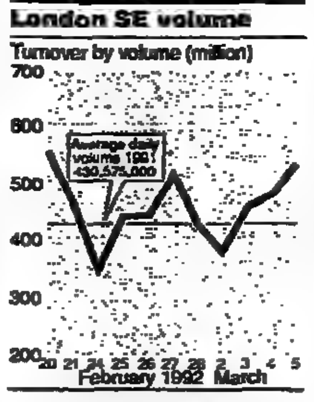
The pre-Budget account which closed last night has seen the Footsie drift lower by 9.2 as investors have shown caution ahead of Tuesday's Budget speech.

At least two trading programmes were identified in the London market. In addition to busy trading in Thorn-EMI, which was bought strongly when the stock at first gave ground on news of the Virgin Music deal, there was ready institutional support for a number of other significant deals.

● **Retail business in equities has risen sharply this week as investment funds have repositioned themselves ahead of Tuesday's budget speech.**

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Mar 6	Mar 5	Mar 4	Mar 3	Mar 2	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.22	87.42	87.78	88.15	88.26	85.15	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.50	100.79	101.01	101.22	101.33	93.32	101.56 (19/2/92)	90.59 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1968.6	1970.8	1988.5	1967.0	1961.2	1958.7	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	128.0	126.5	126.0	130.1	128.9	143.2	222.8 (11/7/91)	126.0 (4/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2533.1	2538.3	2558.4	2565.4	2564.3	2455.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1182.32	1187.90	1200.08	1198.84	1192.13	1133.31	1200.08 (4/3/92)	938.52 (16/1/91)	1200.08 (4/3/92)	938.52 (16/1/91)
●Ord. Div. Yield	4.53	4.53	4.50	4.47	4.50	4.95				
●Earning Yld %(full)	6.44	6.44	6.36	6.49	6.52	9.48				
●P/E Ratio(Net)(☆)	19.64	19.63	19.79	19.28	19.28	13.04				
SEAQ Bargns 5.00pm	38,173	36,856	34,671	34,513	32,609	52,221				
Equity Turnover(£m)†	-	1,120.4	1224.6	1124.4	881.6	1455.82				
Equity Bargains†	-	41,207	39,398	38,838	36,904	53,035				
Shares Traded (ml)†	-	535.4	486.0	466.4	387.6	632.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 ‡ FT-SE Eurotrack 200 26/10/90. ☆ Nil 19.55

Ordinary Share Index, Hourly changes — Day's High 1978.1 — Day's Low 1955.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1967.5	1971.7	1977.1	1971.6	1970.5	1968.7	1967.7	1968.3	1968.8

FT-SE 100, Hourly changes — Day's High 2542.7 — Day's Low 2528.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2531.0	2536.7	2540.6	2531.6	2531.1	2530.2	2529.5	2531.0	2532.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1187.97 — Day's Low 1178.59

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1186.74	1187.35	1183.95	1183.97	1183.01	1181.78	1182.55

GILT EDGED ACTIVITY

Indices*	Mar 5	Mar 4
Gilt Edged Bargains	108.6	123.3
5–Day average	117.7	124.1

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Virgin deal welcomed

THE SHARE price of Thorn EMI see-sawed after the leisure group emerged as the successful bidder for Mr Richard Branson's Virgin Music Group. Volatility in the shares increased as the market initially recoiled at the prospect of a £516m rights issue but buyers then became increasingly enthusiastic about prospects for a rapid expansion of Thorn's music recording and publishing businesses.

Thorn shares, which have come under sustained pressure in recent days amid hints that it was the front runner to acquire the Virgin businesses, initially fell sharply from an overnight level of 770p, but then picked up strongly to touch 811p before closing the session a net 22 higher at 808p. Turnover in Thorn shares reached 5.5m, well ahead of usual levels of activity.

Mr Peter Joseph at Smith New Court said that although the deal was "a sound strategic move for Thorn" he thought the group had "paid a full price." He said there now looked to be little upside in Thorn shares over the next 12 months.

Ms Lisa Gordon at County NatWest was more enthusiastic about the deal; "It was struck at a sensible price and there is tremendous scope for margin improvements with Virgin on board."

SmithKline deal

Much of the early activity in the traditionally heavily traded pharmaceuticals area of the market was confined to the two classes of stock in SmithKline Beecham after large-scale switching between the two categories of shares in the group.

SmithKline ordinary shares initially edged ahead to 904p before coming off sharply and ending the session a net 7 lower at 900p while SmithKline units, marked down from an overnight level of 4138p to 4100p at the outset of trading subsequently rallied to close 13 easier on balance at 4125p.

Dealers said Salomon Brothers, one of the big US investment banks had operated a switch, selling 4m of the ordinaries at 908p and buying a block of 800,000 Units at 4135p, in a deal worth around £7m.

The uninspiring presentation at midweek to US institutions by Mr John Browne, BP's head of exploration and production, continued to affect BP shares which slipped 3 more to 262p. Turnover was 12m.

Oil sector specialists said there was no doubt that much of the hefty American buying for the past two weeks had been triggered by hopes that the BP director would deliver encouraging exploration news and confidence in the group's dividend policy. Shell eased the same amount to 442p on 3.4m shares.

The BZW sell note on National Power and PowerGen exerted further downward pressure on the stocks although both attracted considerable support at the lower levels and closed above the worst. National Power, sold down to 217p, rallied to end a net 2 off at 221p with a heavy 8.4m shares traded, while PowerGen settled 3 off at 233p, after 229p, with 4.5m shares traded.

There was aggressive two-way business in the Scottish generators where Scottish Power, on turnover of 6.8m shares, held at 103p and Scottish Hydro ended the day slightly firmer at 105½p on 4.1m traded.

Political worries hounded the regional electricity and water sectors. The Electricity Package lost 48 to £2800, responding to wide-ranging losses among the sector's constituents.

Switching operations dominated activity in the banks. Abbey National, hit in midweek by large-scale switching out of the stock into the big four, where many analysts see scope for recovery, rallied strongly and closed 7 firmer at 298p. Barclays fell heavily to touch 363p during early trading, upset by suggestions that the group may soon lose its premium debt rating, but later picked up strongly to close 3 higher on balance at 370p as dealers took the view that the recent bout of selling had been overdone.

A rise of 5 to 588p in Guinness bucked the general trend in the drinks sector as rumours continued that Mr Warren Buffett of Salomon Brothers is using his investment vehicle Berkshire Hathaway to build up a stake in the company. It was suggested that he has sold part of his 10 per cent stake in Coca-Cola to invest in Guinness.

Nervousness about the political situation weighed against the brewers in general. Bass continued on a downward course, losing 6 to 542p, on fear that the company's main operating arms will underperform.

Strength in the dollar supported food manufacturers such as Cadbury, up 6 at 466p, and Unilever, 4 higher at 946p. On the other hand Tate & Lyle, with its US sugar business was unchanged at 428p. United Biscuits eased 1 to 411p ahead of next Thursday's results, on turnover of 1.1m shares. Analysts expect the world's second largest biscuit manufacturer, after Nabisco, to have increased profits to £206-210m in 1991 from £197.7m the previous year. A rise in the dividend to 14.9p from 14.4p is also generally forecast. It is hoped that increased overseas sales will offset a subdued performance by the recession hit UK operations.

This week's proposal by Hillsdown holdings to float Fairview New Homes, its housebuilding subsidiary, provided continued support, lifting the shares 3 to 168p. Dalepak retreated further, falling 5 to 385p, failing to sustain the level of 433p seen on Monday when preliminary talks to buy part or all of the company were announced.

Fear of a price war among do-it-yourself stores pushed Kingfisher down another 5 to 521p, but W.H. Smith and Ladbroke, also involved in the DIY business, through Do It All and Texas, gained a little ground. W.H. Smith "A" shares rose 2 to 465p and Ladbroke put on 3 to 232p. Analysis of the sector by Credit Lyonnais Laing suggested that Kingfisher is the most exposed to a price war. The investment house has downgraded its forecast of Kingfisher's profits by £5m to £250m.

Profit-takers were seen at British Aerospace where the shares retreated 9 to 327p on turnover of 4.7 million. Sentiment was also affected by the view that benefits from the anticipated Al Yamamah 2 defence contract may be "further out in the distance".

BTR weakened 6 to 390p in nervous trading ahead of next Wednesday's figures, however TI Group which reports results on Thursday were wanted and the shares firmed 7 to 627p.

Among pharmaceutical stocks, Medeva gained 6 to 288p after Goldman Sachs recommended the stock on two year investment horizon. Mr Paul Krikler at Goldman Sachs said "the company has successfully built its position in the US and UK and we can expect further moves into Europe in the coming years." A series of agency crosses was partly responsible for big gains in Burnfield, 19 higher at 182p and Jones Stroud, 20 to the good at 230p.

The proposed massive job cuts did little for BT whose shares settled 2 off at 334p on turnover of 6.7m; the partly-paid were 1½ easier at 120½p after 12m shares were traded.

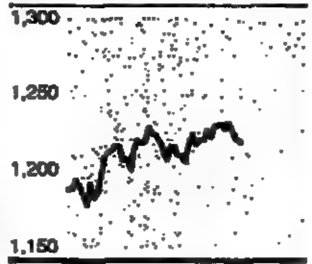
Reuters, given a severe mauling in midweek after the failure in London, Chicago and New York of testing of its Globex financial futures trading system, dropped 11 more to 1159p, after 1156p.

MARKET REPORTERS:
Colin Millham, Joel Kibazo, Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

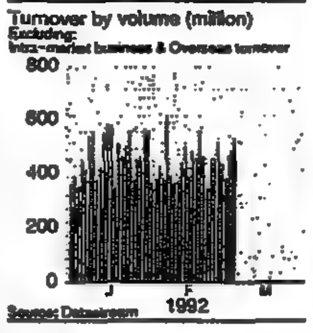
Page 9.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (68).
BRITISH FUNDS (1) Tr. 8pc 1992, AMERICANS (2) Echlin, Sears Roebuck, BUILDING MATERIALS (3) Haywood Williams, Tilbury, Wolseley, BUSINESS SERVICES (4) Davis Service, Hogg Robinson, OCE 9pc Cv. '87-92, Welpac, CHEMICALS (1) Halstead (J), CONGLOMERATES (2) Jardine Hldgs., MB-Caradon, Wassall, CONTRACTING & CONSTRUCTION (1) Wilson Bowden, ELECTRICALS (5) Chemring, China Light, Delta, Jones Stroud, Volex, ELECTRONICS (8) ACT, Diploma, Eurotherm, Farnell, Hoskyns, ENGINEERING GENERAL (4) Metalrax, Protean, Senior Eng., Weir, FOOD MANUFACTURING (1) Salvesen (Ch), FOOD RETAILING (1) Thorntons, HEALTH & HOUSEHOLD (1) Macarthy, HOTELS & LEISURE (2) Euro Disney, Mandarin Oriental, INVESTMENT TRUSTS (4) Hong Kong, & Davids Zero Prf., Scot. Value, Templeton Emrg., MEDIA (2) Grampian TV A, Ulster TV, METAL & METAL FORMING (1) Billam (J), MISCELLANEOUS (1) Airsprung Furn., MOTORS (2) Davenport Vernon, Jessups, OIL & GAS (1) Sidlaw, OTHER INDUSTRIAL MATERIALS (1) Servomex, PACKAGING, PAPER & PRINTING (3) Bowater, Do. 7.75pc Prf., Brit. Polythene, TEXTILES (1) Dawson Int., TRANSPORT (1) Ocean Wilsons, WATER (1) East Surrey, MINES (1) MIM.
NEW LOWS (30).
BRITISH FUNDS (2) Ex. 13¼pc 1992, Tr. 9pc 2012, CANADIANS (1) Gulf Canada, BUILDING MATERIALS (1) Ward Grp., CONGLOMERATES (1) Gieves, CONTRACTING & CONSTRUCTION (2) Bliss, Dean & Bowes, Hemlock Europe, ELECTRONICS (1) Newmark (L), FOOD MANUFACTURING (1) Linton Park, HOTELS & LEISURE (2) Kunick, Do. 8¼pc Prf., Stakis, INSURANCE COMPOSITE (1) Royal Insce., INSURANCE LIFE (1) Utd. Friendly B, INVESTMENT TRUSTS (7) JF Pacific Wrrnts., M & G Inc. Geared Units, Do. Cap., Raeburn Inv., Scot. Natl. Inc., Do. Wrrnts., Sphere Inc., MISCELLANEOUS (2) Beckenham, Stonehill, OIL & GAS (8) Brabant Res., Brit. Borneo, Caspen Oil, Clyde Petrlm., Crossroads Oil, Globe Petrlm., Enterprise Oil, Premier Cons., Triton Europe, OTHER FINANCIAL (1) King & Shaxson, PACKAGING, PAPER & PRINTING (1) Tinsley Robor, PROPERTY (13) Asda Prop., Brit. Land, Do. (Jersey) 8⅝pc Cv. 2011, Bucknall, Chesterfield, Derwent Valley, Hammerson A, Land Securities, Merivale Moore, Regalian, Slough Ests., Do. 8¼pc Prf., Wates City of Lon., STORES (2) Austin Reed, Bentalls.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	3	69	8	20	329	51
Other Fixed Interest	4	7	6	11	41	33
Commercial, Industrial	259	271	945	1,233	1,297	4,844
Financial & Property	90	127	574	532	655	2,764
Oil & Gas	13	32	44	86	105	266
Plantations	0	0	9	1	5	39
Mines	27	17	104	136	122	490
Others	27	62	44	241	186	240
Totals	423	585	1,734	2,260	2,740	8,727

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	10	309	-7
ASDA Group	6,800	37½	-½
Abbey National	3,100	298	+7
Albert Fisher	1,300	65	+1
Allied-Lyons	1,800	645	+8
Amstrad	1,200	32	
Anglian Water	1,800	357	-1
Argos	570	277	
Argyll Group	571	331	-1
Arjo Wiggins	919	248	+1
Ass. Brit. Foods	208	436	-4
BAA	946	580	-3
BAT Inds.	2,220	835	
BET	3,400	151	+1
BICC	330	324	+2
BOC	888	660	-2
BPB Inds.	952	150	
BTR	2,200	390	-6
Bank of Scotland	1,400	111	-1
Barclays	7,000	370	+3
Bass	978	542	-6
Beresford Int.	1,900	[illegible]	
Blue Circle	888	258	-3
Booker	194	444	+1
Boots	1,200	480	-6
Bowater	422	785	+8
Brit. Aerospace	4,700	327	-9
British Airways	1,400	286	+1
British Gas	4,900	251½	
British Land	773	214	-9
BP	12,800	262	-3
British Steel	9,800	73½	+½
British Telecom	8,700	334	-2
Br. Telecom New	12,000	120½	-1½
Bunzl	84	92	+1
Burmah Castrol	489	823	-1
Burton	1,100	38	-1½
Cable & Wire.	1,200	601	-1
Cadbury Schweppes	1,400	466	+6
Calor Group	1,000	191	-1
Carlton Comms.	256	[illegible]	
Coats Viyella	322	194	
Comm. Union	489	489	+6

	Volume 000's	Closing Price	Day's change
Cookson	1,500	110	-2
Courtaulds	733	524	-3
Dalgety	274	395	+2
De La Rue	182	575	-4
Dixons	2,000	236	+1
ECC Group	367	505	
Eastern Elect.	812	352	-4
East Midland Elect.	447	380	-6
Enterprise Oil	1,100	387	-6
Eurotunnel Units	229	446	-1
FKI	717	[illegible]	
Ferranti	1,800	5	
Fisons	3,100	397	+8
Forte	1,300	226	
Gen. Accident	1,300	437	-1
General Elec.	5,700	214	-3½
Glaxo	3,600	775	-4
Glynwed Int.	136	225	
Granada	372	356	
Grand Met.	3,100	896	-3
GUS A	345	1338	-10
GRE	5,800	116	-1
GKN	1,400	340	-1
Guinness	2,300	588	+5
Hammerson "A"	80	422	-5
Hanson	8,900	219½	+2
Hanson Warrants	1,000	20½	-½
Harrisons Crosfield	887	111	
Hillsdown	2,300	168	+3
IMI	84	246	+1
ICI	1,300	1327	+21
Inchcape	675	498	
Kingfisher	1,200	521	-5
Kwik Save	181	572	+8
Ladbroke	5,000	232	+3
Land Securities	475	423	-6
Laporte	344	586	-6
Legal & General	412	382	+1
Lloyds Abbey	170	380	-1
Lloyds Bank	2,400	415	-4
LASMO	2,800	207	-1
London Elect.	1,700	280	-4
Lonrho	4,000	118	+1

	Volume 000's	Closing Price	Day's change
Lucas	1,200	117	+1
MB Caradon	302	275	
MEPC	185	395	-2
Manweb	80	319	-7
Marks & Spencer	4,100	312½	-3½
Midland Bank	1,330	263	
Midlands Elect.	187	273	-4
NFC	972	242	+2
NatWest Bank	5,600	318	-1
National Power	8,400	221	-2
Next	189	67½	
North West Water	418	371	-4
Northern Elect.	269	275	-5
Northern Foods	1,600	568	+1
Norweb	78	295	-5
Pearson	301	818	+4
P & O	1,300	386	+5
Pilkington	783	127	+1
PowerGen	4,500	233	-3
Prudential	2,800	238	-1
RHM	1,100	213½	+2½
RMC	254	580	-5
RTZ	1,500	630	+4
Racal	7,000	57½	-½
Rank Org.	850	[illegible]	+7
Reckitt & Colman	308	[illegible]	-3
Redland	2,400	447	-7
Reed Intl.	1,000	537	+4
Rentokil	84	280	+1
Reuters	1,600	1160	-11
Rolls Royce	6,300	180	+4
Rothmans	170	1079	-2
Ryl Bk Scotland	1,300	177	
Royal Insurance	1,500	176	
Saatchi	6,000	18½	
Sainsbury	1,400	380	
Scottish & New	1,500	482	+1
Scot. Hydro-Elect.	4,100	105½	+½
Scottish Power	6,800	103	
Sears	2,500	103	+1
Sedgwick	1,800	[illegible]	[illegible]
Seeboard	999	272	-6
Severn Trent Water	489	348	-1

	Volume 000's	Closing Price	Day's change
Shell Transport	3,400	442	-3
Siebe	376	580	+1
Slough Ests.	288	188	-1
Smith (W.H.) A	332	465	+2
Smith & Nephew	1,300	147	-½
SmKl Beecham	5,800	900	-7
SmKl Beecham Uts.	988	4125	-13
Smiths Inds.	78	278	+1
Southern Elect.	2,100	273	-3
South Wales Elect.	58	318	-3
South West Water	630	361	-4
South West. Elect.	67	271	-8
Southern Water	790	336	-2
Standard Chartd.	453	441	+1
Storehouse	775	110	+2
Sun Alliance	1,500	378	+3
T&N	1,400	111	+1
TI Group	292	627	+7
TSB	2,800	130½	-1½
Tarmac	1,800	118	-1
Tate & Lyle	1,100	428	
Taylor Woodrow	7,100	110	
Tesco	2,800	260	-4
Thames Water	1,100	373	-4
Thorn EMI	5,500	808	+21
Tomkins	692	480	-4
Trafalgar House	1,100	135	+4
Unigate	850	301	+2
Unilever	1,000	946	+4
United Biscuits	1,100	411	-1
Utd. Newspapers	1,000	370	+5
Vodafone	2,400	358	-7
Warburg (SG)	384	546	+3
Wellcome	580	1023	-6
Welsh Water	187	385	+3
Wessex Water	281	403	-5
Whitbread 'A'	1,800	430	-6
Williams Hldgs	1,300	316	+1
Willis Corroon	442	282	-2
Wimpey	389	137	+2
Wolseley	382	446	+3
Yorkshire Elect.	1,100	321	-2
Yorkshire Water	414	388	-8

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TRADING in FT-SE futures was volatile with independent traders "wrong-footed" by changing market direction writes Joel Kibazo. Dealers were first caught out at the beginning of the session, after the March contract on the FT-SE opened at a disappointing 2537 following the poor overnight close on Wall Street. However buying from several houses soon left independent traders short, triggering a squeeze which sent March forward to 2549.

Mid-session selling by the big institutions not only caused a retreat in March but also left dealers with long positions which were only cleared as market waited for Wall Street's opening. When New York came in lower than expected, the March contracts once against turned south but the unexpected turnaround on Wall Street again left locals in London out in the cold.

March closed at 2547, some 8 points above its estimated fair value premium to cash of about 6. Turnover was just over 4,000 contracts. In LTOM trading was lower Volume at 26,676 was down on Thursday's impressive 36,401. The Euro footsie was the busiest option trading 2180 contracts. Amongst stock options Hanson traded 1747 contracts, followed by Glaxo Holdings.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.4454	-0.020	10.03	10.05	10.34
BELGIUM		9.000	05/01	101.8500	-0.100	8.69	8.65	[illegible]
CANADA *		8.500	04/02	99.1000	-0.500	8.63	8.36	8.38
DENMARK		9.000	11/00	102.2200	-0.250	8.61	8.50	8.57
FRANCE	BTAN	8.500	03/97	98.9705	-0.152	8.75	8.68	8.74
	OAT	8.500	11/02	99.7800	-0.280	8.52	8.42	8.46
GERMANY		8.000	01/02	100.5800	-0.130	7.91	7.82	7.32
ITALY		12.000	02/02	99.1300	-	12.15†	12.14	12.27
JAPAN	No 119	4.800	06/99	95.0479	-0.118	5.76	5.70	5.80
	No 129	6.400	03/00	105.5448	-0.122	5.41	5.36	5.48
NETHERLANDS		8.250	02/02	99.9000	-0.030	8.26	8.18	8.35
SPAIN		11.300	01/02	103.6000	-0.100	10.67	10.65	10.86
UK GILTS		10.000	11/96	101-08	-06/32	9.65	9.40	9.53
		9.750	08/02	101-10	-03/32	9.55	9.28	9.33
		9.000	10/08	97-03	-02/32	9.35	9.11	9.11
US TREASURY *		7.500	11/01	99-29	+03/32	7.53	7.38	7.24
		8.000	11/21	100-12	+01/32	7.97	7.85	7.75

London closing, *denotes New York morning session. Yields: Local market standard
† Gross (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday March 5 1992

Water	+	11.77	Conglomerates	+	4.63
Textiles	+	10.86	Contracting, Construction	+	4.46
Electronics	+	10.64	Consumer Group	+	4.43
Media	+	10.64	Other Groups	+	3.41
Motors	+	10.25	500 Share Index	+	3.11
Building Materials	+	9.98	Insurance Brokers	+	2.82
Stores	+	9.65	Transport	+	2.69
Food Retailing	+	9.43	All-Share Index	+	2.68
Engineering-General	+	9.13	Food Manufacturing	+	2.48
Electricals	+	7.85	Electricity	+	2.32
Capital Goods	+	7.76	Telephone Networks	+	1.71
Chemicals	+	7.39	Investment Trusts	+	1.58
Hotels & Leisure	+	7.10	Financial Group	-	0.07
Brewers & Distillers	+	6.89	Business Services	-	0.40
Packaging & Paper	+	6.62	Health & Household	-	3.03
Merchant Banks	+	5.91	Insurance (Life)	-	3.46
Metals & Metal Forming	+	5.91	Property	-	6.75
Engineering-Aerospace	+	5.74	Oil & Gas	-	6.83
Banks	+	5.59	Insurance (Composite)	-	9.52
Other Industrial Materials	+	5.41	Gold Mines Index	-	9.71
Industrial Group	+	4.71			

COMMODITIES

WEEK IN THE MARKETS

Supply disruptions boost zinc

THE ZINC market has responded to further disruptions to supplies this week, brushing aside yet another increase in London Metal Exchange stocks and news that the Russians have sharply reduced export tariffs.

Three-month zinc broke through the $1,200-a-tonne level on Wednesday when Grupo Minera Mexico said its zinc refinery had declared *force majeure* on deliveries because of a strike. The refinery, which is in central Mexico, was scheduled to produce 96,000 tonnes of zinc this year.

Last week Minero Peru's Cajarmaquilla smelter, which is the largest in Peru and produces 93,000 tonnes a year, declared *force majeure* because of problems with its power supply caused by a drought. Traders believed that it was delivering up to 95 per cent of its orders, however. Late on Thursday Minero Peru said the *force majeure* would be lifted next week.

Market sentiment was further boosted by news of a strike at Asarco's New market zinc mine in Tennessee, which produced about 29,000 tonnes of zinc concentrates last year.

On the bearish side of the equation Russia was reported yesterday to have cut the export tariff on zinc. In addition LME warehouse stocks, which rose by 3,050 tonnes on Tuesday, advanced by a further 2,875 tonnes yesterday to a record 209,175 tonnes.

Mr Nick Moore, analyst with Ord Minnett, the London brokers, yesterday described the fundamental factors in the zinc market as "robust," pointing out that prices had increased by 10 per cent over the last couple of week's in spite of the rising level of stocks and the threat of more imports from Russia. Zinc – usually behind aluminium and nickel in any recovery – should see an accelerated drawdown in stocks once the economic situation recovers in the second half of the year, he suggested.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+11,450	to 1,130,825
Copper	-425	to 302,325
Lead	+50	to 134,675
Nickel	+308	to 22,656
Zinc	+2,875	to 209,175
Tin	-60	to 12,555

Cash zinc closed at $1,206 a tonne yesterday, down $10 on the day but a rise of $20.50 on the week.

LME aluminium stocks have continued to climb inexorably to a new record of 1,130,825 tonnes, rising 4,325 on Tuesday and 11,450 tonnes yesterday. The increase – mainly Russian metal – was hardly unexpected, but the cash price retreated to $1,278 a tonne yesterday, a fall of $20.50 on the week.

The London gold market suffered a fit of the jitters early in the week following the Indian government's weekend Budget statement proposing a relaxation of a 22-year ban on gold imports. Monday saw the market immediately retreat below $350 a troy ounce on Middle Eastern selling before recovering to close $2.35 down at $350.85.

The Indian proposal would allow expatriates to import five kilograms of gold in a bid to end smuggling, which has been the main source of supply. About 200 tonnes are smuggled each year, mainly through Dubai, in order to avoid import restrictions.

Mr Andy Smith, analyst with Union Bank of Switzerland, said the situation was reminiscent of 1990 when gold fell $23 an ounce on Middle Eastern selling within seven days of the Indian budget. That year it removed controls on the internal market, sending local prices down 10 per cent.

Mr Smith pointed out that, while the Indian proposals were an incentive to buy in the longer term, in the short term many Middle Eastern suppliers were facing reduced margins on their Indian sales and might be tempted to sell. On Tuesday the Bombay gold market, reopening after a holiday on Monday, saw an immediate 5 per cent fall in prices.

Yesterday the London gold market closed at $349.70 an ounce, down $3.50 on the week.

The coffee markets have continued to decline. The London May robusta coffee contract closed at $803 a tonne yesterday, down $15 on the week after having failed to sustain a rally as high as $844 on Wednesday.

London appears to be taking its direction from the New York arabicas market, which has this week been monitoring talks between Latin American producers who have been meeting in Costa Rica to discuss ways of restoring economic clauses to the international coffee agreement.

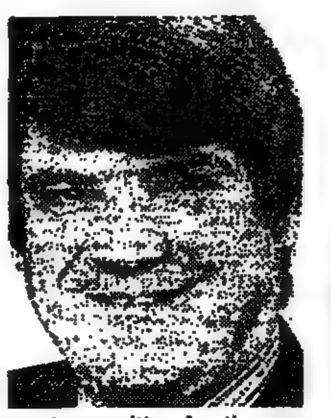
The countries at the meeting said they had lost $8bn in export revenues since the International Coffee Organisation's export quota system broke down in 1989. They will be seeking support from Brazil, the world's biggest producer, which has yet to make up its mind over market support measures for coffee.

David Blackwell

APPOINTMENTS

Sporting links with the law

Alasdair Neil has been appointed the first full-time managing partner of City solicitors Simmons & Simmons. His three-year appointment reflects a growing trend among the leading City law firms to appoint executive managing partners with functions separate from those of the senior partner. Neil, 53, who has spent all his professional career with Simmons & Simmons, is a corporate lawyer who counts the Marylebone Cricket Club and the International Cricket Conference among his clients. Giving advice on the legality of short-pitched bowling, whether to readmit South Africa to the international cricketing fold and whether women should be allowed to join the MCC, makes a welcome change from the day-to-day workings of the UK corporate scene, he says.



Bill Tudor John (right), head of the banking department at City solicitors Allen & Overy is to replace Tony Herbert as the firm's managing partner. Tudor John, 47, read law at Downing College, Cambridge, and, apart from a two-year secondment as a banker with Orion Bank, has been with Allen & Overy since 1967. He has been on the firm's management committee for the past three years with particular responsibility for personnel. Tudor John is a steward of appeal of the British Boxing Board of Appeal and describes himself as a keen shot and failed rugby player.

Powell: pulling together

Just over a week after National Westminster announced losses on its UK lending portfolio of £1.45bn, word comes that it is setting up an international advisory board headed by Sir Charles Powell, a non-executive director of NatWest since October.

Diversionary tactics? No, says the bank; the project has been long in the gestation. According to NatWest chairman Lord Alexander, the 11-member board will be there to "strengthen our capacity to interpret international developments and draw the right conclusions for how we conduct our business".

Indeed, the project was Lord Alexander's idea, though Sir Charles says he made most of the approaches. "On the whole we had a very gratifying batting rate. Where we didn't, it tended to be conflict-of-interest problems," says Mrs Thatcher's former foreign policy adviser. Conflicts arose mostly in Germany where it is difficult to find a senior industrialist who is not locked onto the board of several banks; the solution was chief executive of Krupp, Gerhard Cromme.

Other board members include John Whitehead, former co-chairman of Goldman Sachs, Howard Davies, controller of the Audit Commission, Paul O'Neill, chairman and chief executive of Alcoa, and Peter Woo, chairman of Wharf Holdings in Hong Kong.

"This is very much a working board which will meet in London," Sir Charles asserts, contrasting it with "the chamber orchestra function" of a lot of American equivalents - smart rather than functional.

Sir Charles himself gets his travel in other ways; he is an executive director of Jardine Matheson, and on the board of at least three other companies within that group.

■ Scholes, the Cheshire-based electrical products company, yesterday announced that its newly appointed group managing director Barrie Lawson had "ceased" his job with effect from 26 February.

Lawson joined the company less than two months ago from GPT, where he had been director, telecoms systems. He had been in line to take over as chief executive; Reg Harrington, who currently combines the roles of chairman and chief executive, favours splitting the functions.

Scholes' finance director Bill Riches refused to comment yesterday either on the circumstances surrounding Lawson's departure or the reason for the delay in the announcement. "The board are very very disappointed that things did not work out. We went to extreme lengths to try to select the right man." Asked how Scholes intended to avoid a repeat performance, he said that was a matter for the board to decide.

A lady poised to develop her chamber

Janis Bailey, who learned about business information systems with Hewlett Packard in Palo Alto, California, is the new managing director of Chambernet, a new Belfast-based electronic business information network owned by the Association of Chambers of Commerce and 41 individual chambers from around the UK.

Bailey, who accompanied her husband to California when he won a Fulbright scholarship to Stanford, found on her return to Ireland in 1982 that there were few interesting openings for her newly acquired skills.

So she took an MBA at Queen's, where she had earlier obtained a Diploma in Library and Information Services. She joined Price Waterhouse in 1988 as a senior consultant to develop marketing services.

Chambernet, to be launched in May, is designed to provide detailed information on member companies' products, markets and personnel. Bailey, who claims to "quite like" living in Belfast, is excited to have found an outlet for her business information experience, and is keen to develop Chambernet via links with similar services in Europe, and possibly the US.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible] The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	36.57	36.57	38.86	-0.2	2.15
UK Equity Gth Acc	5¼	49.96	50.85	54.03	-0.2	1.87
UK Eq High Inc Inc	5¼	28.83	29.54	31.39	-0.2	5.93
UK Eq High Inc Acc	5¼	32.42	33.21	35.29	-0.3	5.93
UK Equity Gen Acc	5¼	46.12	46.85	49.78	-0.4	3.20
UK Equity Gen Inc	5¼	36.09	36.65	38.95	-0.3	3.20
UK Larger Cos Acc F	7½	307.7	311.7	338.2	-2.2	4.55
UK Larger Cos Inc F	7½	247.7	250.9	272.3	-1.8	4.55
Gilt & F'xd Int Inc	5¼	28.15	28.22	29.85	-0.1	7.25
O'sea Larg Cos Acc F	7½	213.0	216.5	235.0	-0.6	2.02
Nth American Acc	5¼	37.00	37.15	39.48	-0.3	0.95
Far East Acc	5¼	39.32	40.32	42.84	----	0.07
European Acc	5¼	35.84	37.23	39.56	----	1.52
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	303.9	303.9	323.6	(z)	0.69
(Accum Units) ♥	5	357.7	357.7	380.9	(z)	0.69
British	5	789.8	806.4xd	853.2	(z)	6.08
(Accum Units)	5	1324.5	1352.3	1430.8	(z)	6.08
European	5	338.9	338.9	360.1	(z)	1.40
(Accum Units)	5	367.4	367.4	390.3	(z)	1.40
Japan	5	104.9	104.9	111.6	(z)	-
(Accum Units)	5	105.7	105.7	112.5	(z)	-
New Pacific	5	198.3	198.3	211.4	(z)	1.62
(Accum Units)	5	203.7	203.7	217.1	(z)	1.62
PEP Mar 4	5	149.4	150.9	159.6	----	3.52
Mngd Equity	5	126.5	127.8	135.2	(z)	2.79
Mngd Equity Acc	5	134.2	135.6	143.4	----	2.79
Mngd Cash	0	96.67	96.67	96.67	(z)	10.20
(Accum Units)	0	119.2	119.2	119.2	----	10.20
Majority Stlg	1	100.66	100.66	101.66	(z)	9.92
Majority Stlg Acc	1	109.62	109.62	110.71	(z)	9.92
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin. 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International Feb 28	0	51.36	51.36	51.75	----	0.17
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
St Mark's Court, Horsham 0403 232323						
Equity	6	601.7	609.2	651.5	-1.3	3.08
North America	6	87.29	87.29	93.36	-1.3	0.35

	Bid Price	Offer Price	+ or -	Yield Gross
Henderson Unit Trust Management Ltd				
Pensions Mngd	53.56	54.71	-0.07	3.80
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1186.6	1278.0	-	-
Mngd Pens (Acc)	68.1	72.6	-	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	---	7.00
Inc Gth Prp Jul 31	£1375.0	1460.0	---	8.90
Lazard Investors Ltd ##				
Exempt Funds				
Small Co's Mar 4	£3961.9	4131.8	---	3.84
European Mar 4	£589.6	596.3	---	1.47
American Mar 4	£380.0	383.6	---	2.12
Japan Mar 4	£450.9	456.3	---	1.43
Pacific Mar 4	£148.7	152.5	---	1.14
W Midlands Jan 31	£132.00	147.80	---	2.49
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Feb 29	196.75	200.75	---	7.98
Equity Feb 29	848.25	911.80	---	3.76
* Available only to Local Authorities				
M & G Securities Ltd				
Charifund Mar 5	103.22		-0.5	10.45
(Accum Units)	625.14		-3.0	10.45
NAACIF Mar 3	40.50		---	9.54
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Mar 3	128.9	137.9	---	1.97
UK Small Co † Mar 3	522.1	571.4	---	3.50
Fixed Interest † Mar 3	111.7	117.5	---	8.53
US Small Co Mar 3	183.2	196.0	---	0.00
Managed Mar 3	109.3	117.1	---	3.39
Intl Bond Mar 3	121.9	128.6	---	9.97
Japan Mar 3	66.75	71.17	---	4.13
European Mar 3	93.14	99.86	---	1.70
Nth American Mar 3	125.3	135.2	---	1.18
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Mar 4	57.04	57.33	---	1.79

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INSURANCES

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OTHER UK UNIT TRUSTS

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Norwich Union Life Insurance Soc.–Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Mixed Fund	447.5	471.1	+1.2	–
Ordinary Share Fund	671.7	707.1	+1.9	–
International Fund	176.1	185.4	+1.0	–
Property Fund	258.6	272.2	+0.2	–
Fixed Interest Fund	397.0	417.9	-1.8	–
Index-Linked Sec Fund	193.6	203.8	+0.2	–
Deposit Fund	276.9	291.5	+0.3	–
Norwich Units Feb 14	1053.70			–

*Prices as at March 3

	Bid Price	Offer Price	+ or –	Yield Gross
Jersey Investment Plan				
With Profits Fund	122.28	128.72	+0.03	–
Intl Equity Fund	95.13	100.14	-0.46	–
Intl Bond Fund	121.72	128.12	-0.38	–

Norwich Union Pensions Management Ltd
Surrey Street, Norwich NR1 3NG 0603 683335

	Bid Price	Offer Price	+ or –	Yield Gross
Group Pooled Pensions				
Balanced Managed Fd	317.76	323.13	-1.52	–
Growth Managed Fd	105.69	107.58	-0.61	–
Sentinel Managed Fd	104.59	106.04	-0.34	–

Prices as at March 5

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or –	Yield Gross
Prop Dist. (Gross)	133.7	140.7		–
Prop Acc (Gross)	254.8	268.2	+0.1	–
Equity (Gross)	863.2	909.7	-1.8	–
Managed (Gross)	604.0	635.8	-1.2	–
Prop. Acc. (Net)	121.6	128.0	+0.1	–
Equity (Net)	200.2	210.7	-0.4	–
Managed (Net)	186.1	195.9	-0.3	–
International (net)	170.3	179.3	-0.7	–
Gilt & Fxd Interest	133.3	140.4	+0.1	–
Money Fund	136.9	144.1		–
Mixed Fund (Cap)	117.5	123.7		–
Mixed Fund (Acc)	120.8	127.2		–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	658.1	692.8	-1.7	–
Ret Man (Series 2)	223.2	235.0	-0.6	–
Ret Cash	191.2	201.3	+0.1	–

Provident Mutual Life Assc. Assn.–Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Pension Funds				
Managed Ord	462.7	487.1	-2.2	–
Managed Init.	341.1	359.1	-1.5	–
Equity Ord	700.0	736.8	-3.5	–
Equity Init.	516.0	543.2	-2.6	–
Pen Ind Lkd Gilt Ord	181.4	190.9		–
Pen Ind Lkd Gilt Init.	139.7	147.1		–
Overseas Equity Ord	326.1	343.3	-2.5	–
Overseas Equity Init.	240.4	253.1	-1.8	–
Property Ord.	278.2	292.8	+0.1	–
Property Init.	205.1	215.9		–
Fixed Interest Ord	277.2	291.8	-0.3	–
Fixed Interest Init.	204.3	215.1	-0.3	–
Deposit Ord.	260.6	274.3	+0.1	–
Deposit Init.	192.1	202.2		–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or –	Yield Gross
Prufund				
Managed Mar 4	259.8	270.7		–

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or –	Yield Gross
Prudential Managed Funds				
Discretionary Mar 5	£184.42	190.10		–
Equity Mar 5	£208.69	215.73		–
International Mar 5	£28.41	29.03		–
Intl Bond Mar 5	£14.66	14.85		–
Fixed Int Mar 5	£101.07	102.22		–
Index Linked Mar 5	£73.61	74.54		–
Property Mar 5	£106.83	112.92		–
Cash Mar 5	£29.6829	29.6829		–
Pru-Linked Retirement Plan				
Managed Mar 3	448.1	466.8		–
Cash Mar 3	274.6	286.1		–
Prudential Pensions Investment Account				
Pens Mngd Mar 6	178.6	192.1		–
Pns UK Eq Mar 6	311.9	336.2		–
Pens Intl Mar 6	204.9	220.3		–

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds (First Series)				
Managed	341.3	359.3	-0.1	–
Equity	431.0	453.7		–
Property	236.6	249.1		–
International	314.8	331.3	-0.5	–
Japanese	84.4	88.9	+0.4	–
Asia Pacific	104.6	110.2	-0.4	–
European	99.2	104.5	-0.2	–
American	109.6	115.3	-0.5	–
Fixed Interest	284.9	299.9	-1.3	–
Index-Linked Gilt	154.0	162.1	-0.3	–
Cash	204.6	215.4	+0.2	–
Life Funds (Second Series)				
Managed	97.9	103.0	-0.2	–
Equity	92.1	97.0	-0.1	–
Property	98.8	104.0		–
International	96.7	101.8	-0.1	–
Japanese	84.0	88.5	+0.4	–
Asia Pacific	102.0	107.4	-0.5	–
European	97.7	102.9	-0.3	–
American	106.4	112.0	-0.6	–
Fixed Interest	106.4	112.1	-0.5	–
Index-Linked Gilt	97.9	103.0	-0.2	–
Cash	100.8	106.3	+0.2	–
Pension Funds				
Building Society	157.9	166.3	+0.1	–
Managed (Unit)	203.4	214.2	-0.2	–
Managed (Acc)	373.4	393.1	-0.1	–
Equity (Unit)	233.4	245.7		–
Equity (Acc)	428.3	450.9	+0.2	–
Property (Unit)	153.1	161.2		–
Property (Acc)	277.9	292.6		–
International (Unit)	191.5	201.6	-0.6	–
International (Acc)	351.5	370.0	-0.8	–
Fixed Interest (Unit)	193.8	204.0	-0.8	–
Fixed Interest (Acc)	355.6	374.4	-1.2	–
Cash (Unit)	151.2	159.2		–
Cash (Acc)	277.4	292.0		–

Sun Alliance Group
St Mark's Court Horsham 0403 232323

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Managed	482.0	507.4	-1.1	–
Deposit	260.7	274.5	+0.2	–
Equity	663.1	698.0	-1.2	–
Equity Income	152.9	161.0	-0.3	–
European	115.9	122.0	-0.5	–
Far East	139.8	147.2	-1.1	–
Fixed Interest	328.9	346.3	-1.2	–
Index Linked	242.4	255.2	-0.3	–
International	440.3	463.5	-1.3	–
North America	165.2	173.9	-2.4	–
Property	391.8	412.5	+0.3	–
Worldwide Bond	121.7	128.2	-0.2	–
Worldwide Financial	74.40	78.40		–
Worldwide Technology	88.20	92.90	+0.10	–
International Bond	£59.04			
Pension Funds				
Managed	370.3	389.8	-1.0	–
Building Society	167.9	176.8	+0.1	–
Deposit	294.8	310.4	+0.2	–
Equity	437.2	460.3	-1.0	–
Equity Income	127.7	134.5	-0.2	–
Far East	63.50	66.90	-0.60	–
Fixed Interest	360.1	379.1	-0.7	–
Index Linked	337.5	355.3	-0.4	–
International	416.9	438.9	-1.4	–
Property	229.5	241.6	+0.1	–
Worldwide Bond	127.6	134.4	-0.2	–
Fram Special Managed	133.7	140.8	-0.2	–
Fram America Sector Cos	147.8	155.6	-2.6	–
Fram America Turnaround	138.5	145.8	-2.5	–
Fram Capital Tst.	129.0	135.8	-0.2	–
Fram Intl Growth	143.4	151.0	-1.6	–
Fram Japan & General	161.4	169.9		–
Fram Recovery Tst.	173.0	182.2	-1.0	–
GT Special Mngd.	121.1	127.5	-0.8	–
GT Amer Spec Sits.	141.9	149.4	-3.2	–
GT Capital	146.0	153.7	-0.3	–
GT European	108.8	114.6	+0.2	–
GT Far East & Gen	134.7	141.8	-1.0	–

Wesleyan Assurance Society
Colmore Circus, Birmingham, B4 6AR 021-200 3003

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fd.	237.0	248.9		–
Pens Managed Fd.	160.6	168.7		–

Windsor Life Assur Co Ltd
Windsor House, Telford, Shropshire 0952 292929

	Bid Price	Offer Price	+ or –	Yield Gross
American	289.1	304.3	+0.5	–
Balanced Accum (3)	128.5	135.3	+0.1	–
Deposit	242.7	255.5	+0.3	–
Far East	266.6	280.6	-0.1	–
Fully Man Acc Pen (3)	557.3	586.6	+2.3	–
Fully Man Acc Pen (3)	558.8	588.2	+2.3	–
Gilt	300.1	315.9	-0.1	–
Grnd Rent & Gilt I Pen	320.7	337.5	-0.2	–
Grnd Rent & Gilt II Life	130.3	137.2		–
Grnd Rent & Gilt II Pen	143.9	151.5		–
Grnd Rent & Gilt III Life	111.2	117.1	+0.1	–
Grnd Rent & Gilt III Pen	118.3	124.5		–
High Inc. Equity	236.0	248.4	+1.2	–
High Inc. Fixed Int	126.2	132.8	+0.4	–
Hodge Fund	322.9	339.9	+1.4	–
Index-Linked Gilt	163.2	171.8	+0.2	–
Initial Pen Units	312.7	329.2	+1.0	–
Investor Units	261.7	275.5	+1.1	–
Kiwi Key (Managed)	553.7	570.8	+2.3	–
Nth Amer Fd	232.5	244.7	+0.4	–
Open Plan Mngd Fd.	177.1	186.4	+1.2	–
Pacific	633.8	667.1	-0.2	–
Property	238.6	251.2	-0.8	–
Retail & Rvrs'ry Life	141.6	141.6	-0.1	–
Retail & Rvrsy Pen Uts	161.8	161.8	-0.1	–
Takeover Fund	263.7	277.6	+1.9	–
UK Equity	228.3	240.3	+0.2	–
UK Tracker Accum (3)	122.9	129.4	+0.2	–
PAM UK Ground Rent	95.5	101.6	+0.1	–

Woolwich Life Assurance Co Ltd
1-3 Queensway, Redhill, Surrey RH1 1NH 0737 778800

	Bid Price	Offer Price	+ or –	Yield Gross
Managed Fd	119.5		-0.3	–

Zurich Life Assurance Co Ltd

Providence Capital International Ltd – Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Swiss Franc Mngd	SFr1.424	5.833		–
Swiss Franc Money Mkt	SFr1.169	1.258		–
DM Deutschmark Managed	DM1.869	2.010		–
£ OFS Global Port.	C0.865	0.931		–
£ YRA Worldwide	£0.979	1.053		–
$ YRA Dlr W'wide	$1.030	1.108		–
Young & Co Bncd P'folio	$1.004	1.080		–

Royal Life Intl. Ltd
Royal Court, Arbory Rd, Douglas IoM 0624 821212

	Bid Price	Offer Price	+ or –	Yield Gross
Pension Growth A	£0.912	0.981		–
Pens Growth (Bonus)	£1.729			–
Royal Life UK Mngd Fd.	£1.391	1.496		–
Royal Life Gilt Fd.	£1.573	1.692		–
Royal Life UK Eqs Fd	£1.328	1.429		–
Royal Life Amer Fd	£0.969	1.043		–
Royal Life Euro Fd	£0.981	1.055		–
Royal Life Far East Fd	£0.934	1.005		–
Ryl Life Intl Grwth Fd	£0.905	0.974		–
Royal Life Intl Prop	£2.124	2.284		–
Analysis APM O/S Fd.	£1.555	1.673		–
Analysis Bal Inv Port	£1.150			–
AS & Co Offshore Bal F	£0.986	1.061		–
Lacomp Intl. Fd	£1.701	1.754		–
Young & Co Int Port.	£1.215	1.307		–
YRA Growth Fd	£1.211	1.303		–
YRA $ Growth Fd	$1.023	1.101		–
YRA Special Opps	£0.963	1.036		–
S.A.M. 1	$1.430	1.506		–
S.A.M. 2	$1.326	1.396		–
S.A.M. 3	£1.468	1.546		–
S.A.M. 4	£1.440	1.516		–

Royal Skandia Life Assurance Ltd (z)
Skandia Hse, Finch Rd, Douglas, IoM 0624 611611

	Bid Price	Offer Price	+ or –	Yield Gross
£ Cautious Assetunits	£1.105	1.188	-0.004	–
£ Balanced Assetunits	£1.100	1.182	+0.020	–
£ Aggressive Assetunits	£1.084	1.165	-0.003	–
£ Balanced Fidelity	£1.074	1.154	+0.001	–

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF. 071-836 4321

	Bid Price	Offer Price	+ or –	Yield Gross
J.D. Ward Mngd Bond	201.6	218.0		–
J.D. Ward Mngd Pen.	125.4	135.4		–
Albany Life Acc.	196.3	206.5	-0.6	–
Albany Pens Acc.	251.9	265.1	-0.9	–
M&G Tripes Pen Acc	180.6	189.9	-0.5	–
PEPCWR Growth Pen Acc	188.9	198.8		–

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke Bermuda
UK: Prof Advisers 0800 414181 Jersey: 0534 71696
Private Clients 0800 414161
From O'seas (44) 732 777377 Hong Kong (852) 848 1000

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
AS Accum		AS–	15.282		+0.005	6.00
AS Dist		AS–	15.282		+0.005	6.00
ASch Accum		Sch–	201.59		+0.05	8.60
ASch Dist		Sch–	201.59		+0.05	8.60

Rothschild Asset Management–Contd.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
OCCFL SKr			104.09			10.24
OCCFL SwFr			30.701			6.83
OCCFL U.S.$			15.186			2.85
OCCFL Yen			3,559.95			4.31
OCCFL Man £	3	10.552	10.552	10.878		7.97

Daily Dealings *Weekly dealing

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
Intl Capital Fd	5	$5.153	5.273	5.647		–
Far East & Pacific Fd	5	$38.429	39.315	42.107		–
North America Fd	5	$16.823	16.823	18.018		–
Canadian Fd.	5		13.390	14.340		–
Intl Bond Fd	5		13.262	14.015		–
European Fund	5	$11.581	11.640	12.466		–
British Fund	5	£4.607	4.607	4.935		–
Intl Currencies Fd Ltd						
US$		$–	37.60		+0.01	–
Canadian $		C$–	54.08		+0.01	–
£ Sterling		£–	24.88		+0.02	–
D-Mark		DM–	76.26		+0.05	–
Swiss Francs		SFr–	56.79		+0.03	–
Japanese Yen		Y–	9,011		+3	–
Managed Fund		$–	43.17		+0.08	–

Latest Fund Prices 24hr service 0481 718043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
Eurosar £	5	£–	421.15	452.02		–
(Accum Units)		£–	424.70	451.52		–
Eurosar SFr	5	SFr–	109.26	114.52		–
(Accum Units)		SFr–	111.95	119.67		–
GlobalSar-Fergus £	5	£–	14.24	15.15		–
(Accum Units)	5	£–	14.81	15.73		–
GlobalSar-Fergus US$	5	$–	24.57	26.13		–
(Accum Units)	5	$–	25.58	37.17		–
GlobalSar-Fergus SFr	5	SFr–	37.43	39.80		–
(Accum Units)	5	SFr–	38.92	41.39		–

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 0481 710651

Other section headings printed further down the page: MANAGEMENT SERVICES; OFFSHORE INSURANCES; CANADA (SIB RECOGNISED); GUERNSEY (SIB RECOGNISED); GUERNSEY (REGULATED)(**); IRELAND (SIB RECOGNISED); IRELAND (REGULATED)(**); ISLE OF MAN (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or −	Yield Gross
CMI Fund Managers (IoM)				
Clerical Medical Hse, Douglas, IoM 0624 625599				
Equity & Law Intl Fund Mngrs Ltd				
Victory Hse, Prospect Hill, Douglas IoM 0624 677877				
Total Income Fd	94.78	94.78	99.76	+0.01 10.2
Gartmore Fund Managers (IoM)				
PO Box 32, Douglas, IoM 0624 627630				
Leopold Joseph Fund Mngrs (IoM) Ltd				
PO Box 52 Athol St Douglas IoM 0624 661020				
L.J. International	94.90	94.90	102.14	−0.20
Mercury Fund Managers IoM Ltd				
11 Hill Street, Douglas IoM 0624 662295				
Merc IoM Fund	104.9	104.9	111.9	−0.4 7.4
Merc Intl Bond	54.26	54.26	57.02	−0.03 8.7
Sun Life Management (IoM) Ltd				
PO Box 178, Douglas, IoM 0624 622444				
Unibank Scandinavian Fund Ltd				
23 Bucks Road, Douglas, IoM 0624 626484				

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or −	Yield Gross
CMI Fund Mngrs (IOM)				
Traders Fund Ltd	517.39	18.80		
City Financial Admin (IoM) Ltd				
Beckman Reserve Assets	103	103	+1.00	2.70
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	136.3	143.2	−3.9	4.5
DL International	51.60	1.70	−0.04	1.7
Equity & Law International Fund Mgs Ltd				

EBC Trust Company (Jersey) Ltd

Equitilink International Mngt Ltd

Fidelity Investment (CI) Ltd

Fleming Group

Foreign & Colonial Mngt (Jersey) Ltd

John Govett Management (Jersey) Ltd

CMI Asset Management

Commercial Union Lux

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Mar 5	Mar 4	Mar 3	Mar 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3241.50	3268.56	3290.25	3275.27	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	99.05	99.19	99.34	99.31	99.81 (6/2)	98.56 (24/2)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1437.97	1455.72	1457.40	1443.01	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	203.37	203.62	204.43	204.99	225.59 (3/1)	203.37 (5/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3283.54 (3318.43) Low 3226.74 (3256.04)

STANDARD AND POOR'S

	Mar 5	Mar 4	Mar 3	Mar 2	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	406.51	409.33	412.85	412.45	420.77 (15/1)	406.51 (5/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	484.10	487.19	491.59	490.69	499.27 (15/1)	483.91 (18/2)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.06	34.54	34.83	[illegible]	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	224.92	226.66	228.43	228.20	231.85 (15/1)	224.92 (5/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	410.24	413.39	418.49	416.79	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	621.97	630.29	634.25	635.47	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Feb 28	Feb 21	Feb 14	year ago (approx.)
Dow Industrial Div. Yield	2.79	[illegible]	2.82	3.45

	Mar 4	Feb 26	Feb 19	year ago (approx.)
S & P Industrial div. yield	2.61	2.57	2.60	2.19
S & P Indl. P/E ratio	28.61	29.03	25.03	17.77

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Telefonos	4,753,400	56¼	-¼
Foodmaker	4,464,700	15⅞	-
Glaxo	4,042,700	26⅞	-⅛
Gap Inc Del	3,599,000	45⅞	-2½
Glicorp	3,525,800	16⅛	-⅞
Nat Medical Ent	2,725,700	15¼	+⅛
RJR Nabisco	2,667,400	10	-⅛
Chrysler	2,326,900	16⅞	-⅛
Chemical Bkg Cp	2,035,500	31½	-1⅛
Advanced Micro	2,001,200	16⅝	-⅝

TRADING ACTIVITY

† Volume (Millions)	Mar 5	Mar 4	Mar 3
New York SE	205.730	206.770	200.860
Amex	13.896	16.194	16.189
NASDAQ	221.917	212.963	204.549
NYSE			
Issues Traded	2,214	2,218	2,224
Rises	472	617	920
Falls	1,267	1,045	767
Unchanged	475	556	537
New Highs	42	86	101
New Lows	32	20	19

CANADA

TORONTO	Mar 5	Mar 4	Mar 3	Mar 2	1992 HIGH	1992 LOW
Metals & Minerals	3093.68	3109.33	3115.70	3096.57	3238.87 (16/1)	2935.22 (2/1)
Composite	3545.60	3587.64	3576.79	3579.47	3666.00 (16/1)	3493.86 (2/1)
MONTREAL Portfolio	1855.97	1885.25	1877.49	1878.27	1937.59 (16/1)	1851.90 (20/2)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Mar 6	Mar 5	Mar 4	Mar 3	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1604.7	1608.3	1615.2	1621.7	1675.60 (15/1)	1590.90 (7/2)
All Mining (1/1/80)	701.7	701.2	705.2	704.0	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	444.57	453.65	454.49	449.71	458.57 (24/2)	372.26 (2/1)
Traded Index (2/1/91)	1062.07	1086.39	1090.32	1079.80	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1215.02	1222.57	[illegible]	1234.72	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	344.01	343.39	345.98	344.59	365.29 (15/1)	343.39 (5/3)
FINLAND						
HEX General (28/12/90)	861.3	872.2	882.0	888.5	935.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	527.26	529.15	530.55	527.68	530.55 (4/3)	475.53 (2/1)
CAC 40 (31/12/87)	1966.91	1973.04	1988.09	1980.77	1988.09 (4/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	711.73	716.36	714.97	715.44	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	2016.2	2029.1	2025.7	2025.7	2025.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1745.95	1764.80	1759.05	1763.31	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4908.98	4964.29	4954.50	4911.13	4964.29 (5/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1419.21	1425.75	1430.91	1426.00	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	514.87	520.44	525.78	529.42	551.59 (4/2)	507.43 (2/1)
MIB General (2/1/87)	1013.8	1025.0	1036.0	1042.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20992.99	[illegible]	21185.42	21051.71	23801.18 (6/1)	20618.30 (19/2)
Tokyo SE (Topix) (4/1/68)	1520.45	1523.73	1537.22	1542.43	1763.43 (6/1)	1520.45 (6/3)
2nd Section (4/1/68)	2278.17	2286.23	2305.14	2323.65	2459.85 (6/1)	2278.17 (6/3)
MALAYSIA						
KLSE Composite (4/4/86)	590.94	593.93	598.64	597.03	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Tot. Rtn Gen. (End 1983)	293.7	294.6	[illegible]	294.4	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	206.3	206.9	207.2	206.7	207.20 (4/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	696.23	699.46	700.62	698.25	748.85 (17/1)	667.00 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1118.81	1157.61	1159.98	1157.46	1303.30 (17/1)	1118.81 (6/3)
SINGAPORE						
SES All-Singapore (2/4/75)	388.79	391.64	392.29	390.49	416.99 (21/1)	388.79 (6/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1197.00	1197.0	1195.0	1218.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4346.00	4347.0	4334.0	4374.0	4535.00 (15/1)	4189.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	626.09	619.23	630.47	625.92	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	261.97	262.98	265.00	265.55	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	983.2	988.6	974.0	961.3	989.20 (28/1)	933.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	808.5	814.7	817.5	812.0	817.50 (4/3)	740.50 (9/1)
SBC General (1/4/87)	643.8	647.9	650.1	650.1	650.10 (3/3)	603.10 (9/1)
TAIWAN**						
Weighted Price (30/6/66)	4988.08	5033.55	5066.40	5056.64	5391.63 (30/1)	4682.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	807.65	808.85	793.16	788.52	816.98 (17/2)	711.81 (3/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	500.8*	502.0	507.6	508.8	542.10 (7/1)	500.80 (6/3)
Euro Top-100 (26/6/90)	932.79	937.56	942.27	943.28	943.28 (3/3)	868.31 (2/1)

**Saturday February 29: Taiwan Weighted Price 5142.42; Korea Comp Ex. 612.50
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Dow eases in choppy trade after job data

Wall Street

US share prices were narrowly mixed in choppy trading yesterday morning, while bond prices fell and then rose in volatile conditions following the release of unexpectedly strong employment statistics, *writes Martin Dickson in New York*.

At 1.30 pm the Dow Jones Industrial Average stood at 3228.09, down 13.41 while the broader Standard and Poors 500 index was at 404.81, down 1.70. On the NYSE, declines advances by 935 to 574 in morning trading.

Sentiment was set by the much-awaited figures for February employment, released early in the morning, which showed non-farm payrolls rising by 164,000 – far above expectations of a rise of just 10,000. There was also an impressive gain in hours worked.

The data suggested a significant pick-up in the economy, which pretty much ruled out the chance of a further easing in monetary policy by the Federal Reserve over the next few weeks.

The figures prompted a sharp drop in the price of Treasury bonds, with the benchmark 30-year issue hitting a low of 99⅝ in morning trading. However, the bond market's anxiety about a pick-up in the economy was slightly tempered by the statisticians' revision to January employment figures, showing a decline of 149,000 rather than 91,000.

Treasuries also encountered buying when the yield on the long bond passed through 8 per cent and by lunchtime the benchmark issue was trading at 100⅜, up 18, to yield 7.92.

On the New York Stock Exchange, most actively traded stocks included International Business Machines, unchanged at $86½, USX-Marathon, $22⅞, up $⅜, Limited Inc at $27⅝, down $½, and Exxon at $55⅞, down $½.

Bank stocks fell for the second day on concern over the finances of Olympia & York, the property developer owned by Canada's Reichmann family, which has redeemed part of a commercial paper programme after a downgrading. Chemical Banking, one of the most actively traded issues, was down $⅜ at $43½, Citicorp down by $⅜ at $16⅞ and BankAmerica $⅜ lower at $43 ⅞. JP Morgan fell $⅜ to $58⅞.

ITT, the conglomerate which this week agreed to sell its 30 per cent stake in the telecommunications group Alcatel NV, dropped $1¼ to $64¼ following a meeting with Wall Street analysts last on Thursday afternoon. Yesterday PaineWebber cut its forecast for ITT's estimated earnings.

In the pharmaceuticals sector, American Home Products rose $⅞ to $75⅞ following a favourable newspaper article and news that a broker had improved its rating.

Canada

TORONTO stocks bounced from the morning's lows but remained weak at midday following Thursday's 42-point loss. Most sectors were slightly weaker, though real estate shares partly recovered from Thursday's downturn.

The TSE 300 fell 13.2 to 3,532.3 in volume of 16m shares valued at C$151.3m. Declines led advances by 258 to 164.

Bramalea rose 20 cents to C$4.05 and Trizec class A firmed C$⅛ to C$8⅞. Olympia and York, which on Thursday denied rumours that it was in difficulty, has stakes in both companies.

Bank shares remained under pressure, due to a rise in prime rates. Canadian Imperial fell C$⅜ to C$31⅞, Royal Bank eased C$¼ to C$25⅛, Bank of Montreal slipped C$⅛ to C$44 and Bank of Nova Scotia was flat at C$21⅞.

SOUTH AFRICA

JOHANNESBURG ended little changed in dull, pre-weekend trading. The overall index added 1 to 3,541 and the all-gold index ended unchanged at 1,197. The industrial index eased 1 to 4,346. De Beers lost 60 cents to R88.90.

Spanish equities await further cut in interest rates

The peseta's strength in the ERM suggests that investors will not be disappointed, writes Tom Burns

INVESTORS IN Spanish equities have enjoyed a gentle climb in values so far this year, but any further progress is widely seen to be conditional on a continued decline in interest rates.

The Madrid stock market, generally agreed to be undervalued, convincingly broke through the 260 level 10 days ago. This was achieved on the back of a cut of 25 basis points on February 25 that brought the Bank of Spain's intervention rate down to the 12.40 per cent. Wall Street's record-breaking advance also helped.

Having arrived at this rarefied plane, the index subsequently moved up to 266 before profit-taking eased it back slightly to close at 261.97 yesterday, a rise of 6.3 per cent so far this year, in line with the FT-A Europe index.

There is a general consensus among market watchers that the timing and the extent of a new rally will be dependent chiefly on whatever intervention cuts the Bank of Spain may decide.

"Barring a stock market collapse in New York, the market is going to be moved by interest rates – by those in Europe and by those in Spain," says Mr Salvador Garcia Atance, chairman of Asesores Bursatiles.

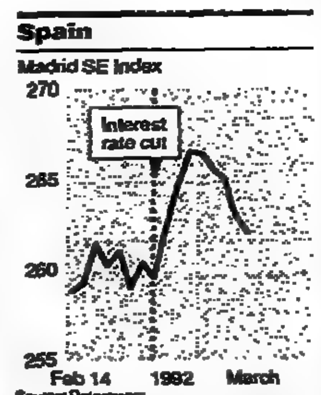
Mr Paul Farrow, head of research at the brokers FG Inversiones Bursatiles believes that a fall in interest rates will mean a general, across the board, revaluation of equities.

Predicting the next cut by the Bank of Spain involves the analysis of two sets of data at this point. One concerns the usual domestic indicators, and especially inflation and wage increase figures, and the other has to do with the peseta's strength and the pound's weakness in the European Monetary System's exchange rate mechanism (ERM).

There is not much in the domestic indicators that would recommend a cut in interest rates in the immediate future. Inflationary pressures, particularly underlying inflation, remain strong and an ill-tempered bout of labour disputes in pursuit of sharp salary increases has preceded the annual wage negotiations which will begin later this month.

A glance at the ERM, where the peseta represents a high ceiling and the pound a low floor, nevertheless suggests that the Bank of Spain might be forced to loosen its tight monetary policy for reasons which have nothing to do with domestic economic considerations and everything to do with with European good neighbourliness.

The difference between the pound and the peseta, which has recently widened to 6.22 per cent and thus stretched the ERM band close to snapping point, means that one or the other currency has to move. The Bank of England cannot reasonably be expected to raise its rates ahead of the general election and so the Bank of Spain may be forced to oblige by bringing the peseta down.



February's cut in the intervention rate was 10 basis points greater than most analysts had expected and it was dictated by the pound's weakness. The economy minister, Mr Carlos Solchaga, said at the time that the move sought a "more balanced situation" in the ERM and the current speculation is that the minister could be repeating those very same words before the summer.

"Cuts are going to depend on the Germans and on the British," says Mr Garcia Atance of Asesores Bursatiles. "We think it is going to be very difficult for the rates not to ease by 10-15 basis points, perhaps by 25, over the next two to three months."

Confidence is on line because this long-term view is widely shared. "Taking a six-month view we are relatively positive," says FG's Mr Farrow.

Market watchers are biding their time ahead of the next surge. In fact Iberagentes, the Madrid broking house linked to Crédit Lyonnais, is recommending short-term selling. "We had forecast a 260-265 index band for the first quarter and now we think that it has peaked for the time being," says the brokers' deputy general manager, Mr Alvaro Villacieros.

Mr Stephen Hughes, the Spanish market analyst for Nikko Europe in London, sees a period of consolidation before the the next resistance level of 270 is tackled and believes that, in the longer term, a rise to 285 is achievable.

Société Générale's broking arm in Spain is recommending utilities and defensive stocks. "Nothing much is likely to happen right now," says Mr Francesc Guardans, the company's chief executive.

EUROPE

Bourses extend losses on economic slowdown fears

BOURSES mostly extended Thursday's declines yesterday, *writes Our Markets Staff*, as worries about interest rates on the Continent were joined by concerns about European economic growth rates.

Some analysts took yesterday's drop in Germany as a correction. But Mr Andrew Bell, director of European strategy at BZW, said that Europe did have to consider the continuing slowdown in the German economy and the effect on its neighbours.

"Our figure for west German growth this year is only 0.75 per cent, and that requires a brisk upturn in the second half," he said.

FRANKFURT fell by more than 1 per cent, the DAX index closing 18.85 lower on the day and little changed on the week at 1,745.96. This followed a mid-session decline of 2.63 to 711.73 in the FAZ, up 0.3 per cent on the week.

Dresdner Bank in Frankfurt, MM Warburg in Hamburg and James Capel in London saw this as part of a brief correction before the DAX tested the 1,800 level.

But Mr Bell's Frankfurt colleague, Mr Jurgen Röthig, saw the market going down in the near-term. Interest rates were going to stay at record high levels for the foreseeable future and company earnings were poor, he said. February inflation data yesterday from two key states, showing month-on-month rises of 0.6 and 0.7 percentage points, were another bad sign.

German shares are on a 1992 p/e of some 16 against 13 per cent for Europe as a whole, according to BZW, not outlandish given the strong D-Mark and heavy provisioning habits which keep earnings per share artificially low.

Volume fell from DM7.9bn to DM5.6bn yesterday as the Bundesbank's average bond yield rose 3 basis points to 8.08 per cent. Yesterday's falls were led by blue chips, Allianz dropping DM33 at DM2,425, Deutsche Bank DM9.50 at DM727 and Daimler DM9 at DM765.

PARIS suffered from a bout of nerves after Wall Street's overnight fall. Good US job data in the afternoon failed to lift spirits. The CAC-40 index fell 6.13 to 1,966.91, down 0.8 per cent on the week. Absenteeism linked to school holidays kept turnover at FFr2bn.

Elf fell for the third day in a row following the government's sale of a 2.3 per cent stake next week. Dealers expect the new stock to be priced at FFr360 per share. The stock fell FFr4.90 to FFr365.10.

Alcatel was the most active stock, losing FFr3 to FFr614 on profit-taking after its gains earlier in the week. Euro Disney was also active, picking up FFr1.2 to FFr160.

Havas fell FFr5.90 to FFr495.10 on domestic selling while Air Liquide, popular some weeks ago, added FFr11 to FFr780.

ZURICH fell on profit-taking ahead of the weekend. Further worries about high Swiss interest rates hit banks and dragged the rest of the market lower.

The all-share SPI index fell 10.2 to 1,136.7, down 1.1 per cent on the week. Bearers in CS Holding led the active list and fell SFr40 to SFr1,990 in spite of a 57 per cent jump in profits at Crédit Suisse, its main subsidiary.

Alusuisse bearers fell SFr21 to SFr877 after Russia cut aluminium export tariffs for the fourth time this year. Earlier this week Alusuisse attributed part of a 62 per cent 1991 profit slump to cheap aluminium exports from the Soviet Union.

MILAN, predictably, fell yet again as parliament's failure on Thursday to pass a modified car insurance reform weighed heavily on insurance stocks. The Comit index fell 5.57 to 514.87, down 3.9 per cent on the week, in turnover estimated at less than Thursday's L89.5bn.

In the insurance sector, Fondiaria fell L735 to L34,000 while Generali closed L580 down at L29,900, reaching L29,700 in the after market.

Among banks, Banco di Roma and Banco di Santo Spirito showed a small recovery after recent losses linked to their share-exchange plans.

AMSTERDAM closed mixed in moderate volume, with trading concentrated in Heineken and Philips. The CBS Tendency index closed at 128.0, down 0.1 on the day but up 1.1 per cent on the week.

Heineken closed Fl 10.40 up at Fl 177.00, just below an all-time high of Fl 177.50 hit earlier in the day, following news this week of a 12 per cent rise in 1991 net profit and a bonus share dividend. Its smaller rival, Grolsch, gained Fl 4 at Fl 196.

Philips closed 80 cents lower at Fl 187.20 on news that it was involved in a refinancing package for its loss-making video subsidiary, Super Club. After the close, Philips said that it was issuing new shares to finance a buy-out of Super Club minority investors.

STOCKHOLM overcame an uncertain start and advanced in heavy trading. The Affärsvärlden General Index rose 2.6 to 983.2, up 4.6 per cent on the week. Turnover eased, but was still heavy at SKr533m after SKr554m.

BRUSSELS closed lower in slow trading ahead of the end of the forward market account on Monday. The Bel-20 index closed down 7.55 at 1,215.02, up 0.4 per cent on the week, in low turnover of BFr530m after BFr982m.

A big agency cross in Petrofina showed up on London's Seaq trading system; a block of 260,000 shares changed hands in London, worth £47.5m and equivalent to 1 per cent of Petrofina's share capital. Smith New Court was said to have executed the trade. The stock eased BFr75 to BFr10,750.

COPENHAGEN saw DDL, the part-owner of Scandinavian Airlines System, put on DKr400 to DKr2,860 following SAS's announcement on Thursday that it hopes to sell its 40 per cent share in the Inter-Continental hotel chain, *writes Hilary Barnes*. The CSE index put on 0.62 to 344.01.

ISTANBUL fell slightly after a quiet session. The 75-share index closed at 3,620.77, down 6.29 on the day and down 1.2 per cent on the week.

FT-SE Eurotrack 100 - Mar 6

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1165.29	1166.04	1164.83	1163.65	1162.59	1162.81	1163.27	1162.10

Day's High 1166.54 Day's Low 1161.59

Mar 5	Mar 4	Mar 3	Mar 2	Feb 28
1169.56	1176.33	1176.44	1169.17	1169.95

Base value 1000 (26/10/90).

ASIA PACIFIC

Rise in Nikkei fails to brighten sentiment

Tokyo

WHILE movements in the Nikkei average were dominated by activity in the futures markets, share prices remained mixed overall, construction issues gaining ground against a weak high-technology sector, *writes Emiko Terazono in Tokyo*.

The Nikkei average closed up 128.57 at 20,992.99, falling 1.6 per cent on the week. The index fell to a low of 20,841.47 immediately after the opening and then hit a high of 21,113.54 later on in the session.

Traders said that the Nikkei was not reflecting sentiment in the broad market. A total of 122 issues fell to new lows since January last year, dragging the Topix index of all first section stocks down 3.28 to 1,520.45, the lowest since December 1986. In London, the ISE/Nikkei 50 index fell 1.55 to 1,157.30.

Volume fell to 250m shares from 300m. Declines led advances by 495 to 455 with 161 issues unchanged.

The market failed to react to the Bank of Japan's tankan – quarterly survey of business sentiment – announced during the afternoon session. The survey indicated a further fall in business sentiment because of the weakening economy, especially in the manufacturing sector.

Traders said that the report was in line with expectations. Since Mr Yasushi Mieno, the Bank of Japan governor, was in Switzerland to attend a meeting at the Bank of International Settlements, the earliest that the discount rate could be cut was next week.

Market participants are now focusing on the outcome of a by-election this weekend in the Miyagi prefecture, in northern Japan, for a seat in the House of Councillors.

Construction and electrical engineering companies rose on speculation that the government would bring forward the implementation of its public works projects. Nishimatsu Construction rose Y40 to Y1,170 and Chudenko added Y40 to Y4,500.

Drug issues which were popular during the past week fell on profit-taking by dealers ahead of the weekend. Mochida Pharmaceutical fell Y160 to Y4,000 and Dainippon Pharmaceutical lost Y70 to Y1,900.

Blue-chip issues lost ground on selling by corporations ahead of the March book-closing. Many companies had reportedly taken a decision to pull out of stock investments due to heavy losses and the negative image of "zaitech", or financial engineering.

Hitachi fell Y25 to Y777, the lowest since the beginning of last year, and Toyota lost Y40 to Y1,330. Traders noted light bargain-hunting by investment trusts at lower levels.

In Osaka, the OSE average lost 40.38 to 22,630.37 in volume of 101.5m shares.

Roundup

FALLS in Hong Kong and Manila were the outstanding movements in the region yesterday. In Bombay, brokers boycotted trading in protest against delayed settlements, and amid rumours of a payments crisis.

HONG KONG slid as rumours that a senior blue chip was planning a rights issue continued to circulate. HSBC Holdings, the parent of the Hongkong Bank, Hutchison and Cheung Kong were all named as possibles as the Hang Seng index fell 55.39 to 4908.90, 0.4 per cent down on the week in spite of several record highs over the past fortnight. Turnover fell from HK$2.54bn to HK$2.29bn.

MANILA blamed the US market, uncertainty ahead of the May 11 elections and politics in the electric power industry – after the country's out-of-court agreement with Westinghouse Electric on a disputed nuclear power plant – as the composite index tumbled 38.80, or 3.4 per cent to 1,118.81, 5.5 per cent lower on the week.

TAIWAN's weighted index sank 45.45 to 4988.08, 0.9 per cent lower on the week, with construction shares posting the biggest fall on the day.

SEOUL was lifted by financials and big manufacturing stocks as the composite index rose 6.86 to 636.09, 1.8 per cent higher on the week, turnover staying buoyant at Won 264bn, but but down from Won343.3bn on Thursday.

BANGKOK saw gains by banks and property companies after investors took profits in finance issues. The SET index closed 6.80 higher at 807.65 in turnover of Bt6.99bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY MARCH 5 1992 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MARCH 4 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	144.42	−0.1	124.74	120.37	125.50	127.44	−0.4	4.34	144.61	124.39	120.84	125.71	127.97	160.31	112.74	129.95
Austria (20)	177.07	−0.7	152.94	147.58	153.88	153.96	−0.2	1.87	178.39	153.46	149.08	155.07	154.23	222.37	153.86	215.71
Belgium (46)	139.98	−1.5	120.90	116.66	121.64	118.75	−0.8	4.96	142.11	122.25	118.75	123.53	119.68	151.20	118.04	150.92
Canada (115)	133.80	−0.8	115.56	111.51	116.26	115.34	−0.9	3.22	134.89	116.04	112.72	117.25	116.43	144.28	128.49	140.82
Denmark (36)	237.82	−1.3	205.41	198.21	206.66	209.60	−1.1	1.71	240.86	207.19	201.28	209.37	211.87	273.94	217.74	259.09
Finland (15)	81.23	−1.0	70.16	67.70	70.59	77.85	−0.2	2.18	82.07	70.60	68.59	71.35	78.00	125.15	73.32	122.01
France (108)	153.02	−0.5	132.17	127.53	132.97	136.34	−0.5	3.25	153.63	132.33	128.54	133.71	137.06	156.43	119.11	151.87
Germany (65)	119.08	−0.1	102.85	99.25	103.48	103.48	−0.1	2.23	119.17	102.51	99.60	103.59	103.59	125.35	94.15	121.82
Hong Kong (55)	205.86	+0.2	177.81	171.57	178.90	204.91	+0.2	3.75	205.55	176.82	171.77	178.69	204.60	205.86	119.62	148.31
Ireland (16)	160.67	−0.2	138.78	133.91	139.63	141.54	−0.3	3.61	161.07	138.56	134.60	140.02	142.03	182.46	132.86	175.47
Italy (77)	72.33	−1.2	62.48	60.28	62.86	67.89	−1.2	3.42	73.24	63.01	61.20	63.67	68.53	88.23	64.78	85.36
Japan (473)	113.72	−0.6	98.22	94.78	98.83	94.78	−0.9	0.90	114.42	98.43	95.61	99.47	95.61	146.97	113.72	140.72
Malaysia (68)	241.87	−0.5	208.91	201.58	210.19	239.03	−0.7	2.78	243.08	209.10	203.12	211.30	240.83	250.18	189.18	245.88
Mexico (18)	1724.72	−3.6	1489.69	1437.46	1498.80	5769.74	−3.6	0.96	1789.77	1539.59	1495.63	1555.79	5987.33	1789.77	594.45	682.28
Netherland (31)	149.77	−0.1	129.36	124.82	130.15	128.54	−0.1	4.29	149.93	128.97	125.29	130.33	128.68	156.48	125.70	145.58
New Zealand (14)	45.44	−0.2	39.25	37.88	39.49	44.14	−0.4	6.22	45.54	39.17	38.06	39.59	44.31	54.64	41.18	47.80
Norway (24)	167.88	−0.8	145.00	139.92	145.89	149.19	−0.7	1.66	169.26	145.60	141.44	147.13	150.19	223.24	157.08	222.10
Singapore (38)	209.42	−0.3	180.89	174.54	181.99	159.63	+0.1	2.12	209.99	180.64	175.48	182.53	159.47	228.43	151.65	207.99
South Africa (61)	215.98	−0.5	186.53	179.99	187.67	177.47	+0.5	2.83	216.96	186.63	181.30	188.59	176.68	271.99	173.00	206.33
Spain (52)	154.30	−1.0	133.27	128.60	134.09	123.20	−0.8	4.83	155.80	134.02	130.20	135.43	124.17	171.12	131.51	168.07
Sweden (25)	180.77	−0.2	156.14	150.67	157.10	161.97	−0.1	2.79	181.15	155.83	151.38	157.47	162.18	204.12	146.60	204.12
Switzerland (59)	98.11	−0.5	84.74	81.77	85.27	92.66	−0.5	2.15	98.59	84.81	82.39	85.71	93.12	104.22	82.17	98.50
United Kingdom (233)	174.01	−1.1	150.30	145.01	151.20	150.29	−0.7	4.95	175.99	151.39	147.05	152.97	151.39	187.44	156.27	185.37
USA (523)	166.04	−0.7	143.41	138.39	144.29	166.04	−0.7	2.95	167.25	143.87	139.77	145.39	167.25	171.86	125.96	152.24
Europe (809)	143.27	−0.8	123.74	119.41	124.51	124.86	−0.6	3.88	144.39	124.21	120.66	125.52	125.60	151.52	125.50	150.75
Nordic (100)	173.00	−0.8	149.43	144.19	150.34	148.37	−0.6	2.16	174.35	149.98	145.70	151.56	149.29	200.81	155.56	200.81
Pacific Basin (717)	117.72	−0.5	101.68	98.12	102.30	98.88	−0.8	1.26	118.37	101.82	98.92	102.90	99.65	145.92	117.72	140.29
Euro–Pacific (1526)	128.20	−0.7	110.73	106.84	111.40	109.88	−0.7	2.43	129.04	111.00	107.82	112.16	110.65	147.66	121.29	144.93
North America (638)	163.99	−0.7	141.64	136.69	142.53	162.59	−0.7	2.96	165.19	142.10	138.06	143.62	163.79	169.69	125.91	151.45
Europe Ex. UK (576)	124.30	−0.6	107.36	103.62	108.04	109.93	−0.5	3.13	124.96	107.49	104.44	108.65	110.45	129.80	103.58	129.59
Pacific Ex. Japan (244)	157.25	−0.1	135.82	131.08	136.66	140.57	−0.2	3.82	157.38	135.38	131.54	136.82	140.85	158.16	111.40	134.38
World Ex. US (1720)	130.38	−0.7	112.61	108.67	113.31	112.14	−0.7	2.45	131.28	112.93	109.71	114.12	112.94	148.16	122.32	145.70
World Ex. UK (2010)	138.32	−0.7	119.47	115.29	120.21	126.57	−0.7	2.38	139.23	119.77	116.35	121.04	127.48	150.58	120.06	143.02
World Ex. So. Af. (2182)	140.97	−0.7	121.76	117.50	122.51	128.37	−0.7	2.84	141.97	122.12	118.65	123.42	129.31	153.05	122.92	146.42
World Ex. Japan (1770)	157.37	−0.7	135.93	131.17	136.78	148.29	−0.7	3.31	158.54	136.38	132.49	137.83	149.27	161.90	126.89	151.38
The World Index (2243)	141.43	−0.7	122.16	117.88	122.91	128.81	−0.7	2.84	142.43	122.52	119.02	123.81	129.74	153.70	123.28	146.78

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
9pc 1992 ‡‡	99¼	+1/16	99¼	95[illegible]	[illegible]	10.19
10½pc Cv 1992‡‡	100	—	100[illegible]	98½	[illegible]	10.23
3pc 1992	96[illegible]	—	96[illegible]	91[illegible]	[illegible]	[illegible]
Exch 12¼pc 1992	100[illegible]	−1/16	102[illegible]	100¼	12.19	10.12
13½pc 1992	101¼xd	−1/16	104¼	101¼	13.27	10.09
Treas 8¼pc 1993	98¼	−⅛	98[illegible]	94	8.36	9.50
10pc 1993‡‡	100[illegible]	−1/16	100¼	97[illegible]	9.96	9.72
12½pc 1993‡‡	103¼	−1/16	104¼	102¼	12.09	9.75
Funding 6pc 1993‡‡	96[illegible]xd	—	96[illegible]	90¼	6.23	9.62
Treas 13¾pc 1993‡‡	105[illegible]	−1/16	108[illegible]	105¼	12.96	9.70
8½pc 1994	96[illegible]	−1/16	98½	92[illegible]	[illegible]	[illegible]
14½pc 1994‡‡	109[illegible]	−1/16	111¼	108[illegible]	13.30	9.75
Exch 13½pc 1994	107	−1/16	109	105[illegible]	12.62	9.76
Treas. 10pc Ln. 1994‡‡	100[illegible]	−1/16	101[illegible]	96[illegible]	9.93	9.63
Exch 12½pc 1994	105[illegible]	−1/16	107¼	103¼	11.89	9.74
Treas 9pc 1994‡‡	98[illegible]	−1/16	99¼	93¼	9.12	9.66
12pc 1995	105[illegible]	−1/16	106[illegible]	102[illegible]	11.37	9.72
Exch 3pc Gas 90-95	86¼	−⅛	86	82¼	3.38	6.94
10¼pc 1995	101¼	−1/16	102[illegible]	98[illegible]	10.06	9.67
Treas 12¾pc 1995‡‡	109[illegible]	−⅛	110[illegible]	105¾	11.68	9.89
14pc 1996	112¾	−1/16	114[illegible]	109[illegible]	12.46	9.87
9pc 1992-96‡‡	98¼xd	−1/16	100	92[illegible]	9.62	9.05
15¼pc 1996‡‡	117[illegible]	−1/16	119[illegible]	115[illegible]	12.96	9.90
Exch 13¼pc 1996‡‡	111[illegible]	−1/16	112[illegible]	108	11.96	9.84
Conversion 10pc 1996	101[illegible]	−1/16	102[illegible]	95[illegible]	9.88	9.64
Five to Fifteen Years						
Treas 13¼pc 1997‡‡	113	−1/16	114[illegible]	108[illegible]	11.78	9.79
Exch 10½pc 1997	102[illegible]	−¼	104½	97¼	10.16	9.82
Treas 8¾pc 1997‡‡	96½	−1/16	97[illegible]	90[illegible]	9.07	9.55
Exch 15pc 1997	122[illegible]	−1/16	123[illegible]	117	[illegible]	[illegible]
9¾pc 1998	100[illegible]	−1/16	101[illegible]	93[illegible]	9.70	9.82
Treas 6¾pc 1995-98‡‡	88¼	−⅛	88¼	80¼	7.81	9.16
15½pc '98‡‡	126[illegible]xd	−1/16	128¾	121¼	12.22	9.82
Exch 12pc 1998	115[illegible]	−¼	117[illegible]	104¾	10.43	9.74

BRITISH FUNDS - Cont.

	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Treas 9½pc 1999‡‡	100[illegible]	−1/16	101½	92[illegible]	9.48	9.44
Exch 12¼pc 1999	112[illegible]xd	−1/16	114[illegible]	105[illegible]	10.88	9.74
Treas 10½pc 1999	104¾	−1/16	105[illegible]	97[illegible]	10.05	9.62
Conversion 10¼pc 1999	102[illegible]	−1/16	104½	95[illegible]	9.92	9.61
9pc 2000‡‡	97[illegible]	−1/16	98[illegible]	89½	9.22	9.40
Treas 13pc 2000	117[illegible]	−⅛	119[illegible]	110½	11.09	9.60
10pc 2001	102[illegible]	−1/16	104[illegible]	94[illegible]	9.76	9.54
14pc '98-01	118[illegible]	−1/16	120[illegible]	113[illegible]	11.82	9.62
9¾pc 2002	101[illegible]	−1/16	103[illegible]	92[illegible]	9.62	9.52
9¾pc 2002 C	98[illegible]	−1/16	99[illegible]	[illegible]	9.82	9.63
10pc 2003	103[illegible]xd	−1/16	105[illegible]	94[illegible]	9.68	9.49
Treas 11½pc 2001-04	110[illegible]xd	−1/16	112[illegible]	102	10.42	9.58
Funding 3½pc '99-04	61[illegible]	—	63	53[illegible]	5.69	8.57
Conversion 9½pc 2004	100	—	102[illegible]	90[illegible]	9.50	9.47
9½pc 2004 A	100	—	102[illegible]	95[illegible]	9.50	9.48
9½pc 2005	100[illegible]	−1/16	102¼	90[illegible]	9.48	9.45
Treas 12½pc 2003-05	120[illegible]	−1/16	122[illegible]	111	10.41	9.58
8pc 2002-06‡‡	85[illegible]	−1/16	86[illegible]	79[illegible]	9.04	9.46
Over Fifteen Years						
Treas 11¾pc 2003-07	114¾	−1/16	116¾	105[illegible]	10.27	9.66
8½pc 2007 ‡‡	92[illegible]	−1/16	93	84[illegible]	9.15	9.36
8½pc 2007 A	92[illegible]	−⅛	94[illegible]	91[illegible]	9.16	9.16
13½pc '04-08	127[illegible]xd	−1/16	130[illegible]	116[illegible]	10.58	9.35
9pc 2008 ‡‡	97¼	−1/16	99¼	89[illegible]	9.27	9.31
8pc 2009	86[illegible]xd	−1/16	90[illegible]	80	9.03	9.31
Conv 9pc Ln 2011 ‡‡	97¼	−1/16	98[illegible]	89[illegible]	9.27	9.30
9pc 2011 B	97[illegible]	−1/16	98[illegible]	93[illegible]	9.27	9.30
Treas. 9pc 2012	47[illegible]	−1/16	50¼	47[illegible]	9.25	9.29
Treas 5½pc 2008-12‡‡	66[illegible]xd	—	67¼	58[illegible]	8.39	9.27
7¾pc 2012-15‡‡	85[illegible]	−1/16	87½	76[illegible]	9.11	9.33
Exch 12pc '13-17	128[illegible]	−1/16	127[illegible]	113[illegible]	9.65	9.34
Undated						
Consols 4pc	41[illegible]	−1/16	42[illegible]	37[illegible]	9.69	—
War Loan 3½pc‡‡	36[illegible]	−1/16	38½	33[illegible]	9.47	—
Conv 3½pc '61 Aft	60[illegible]xd	−1/16	61[illegible]	57¼	5.81	—
Treas 3pc '66 Aft	30[illegible]xd	−1/16	31½	28¼	9.89	—
Consols 2½pc	25[illegible]	−1/16	26[illegible]	23¼	9.85	—
Treas. 2½pc	25¼xd	−1/16	26½	23[illegible]	9.76	—

BRITISH FUNDS - Cont.

Index–Linked	Notes (b)	Price £	+ or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
Treas. 2pc '94	(102.9)	124¾	+⅛	124[illegible]	115[illegible]	3.28	3.34
2pc '96	(67.9)	181[illegible]xd	+1/16	181[illegible]	168[illegible]	3.02	3.60
2½pc '01	(78.3)	146[illegible]xd	−1/16	147¼	137[illegible]	3.97	4.17
2½pc '03	(78.8)	141¾	−1/16	142[illegible]	133	4.09	4.26
2pc '06	(69.5)	142[illegible]	−⅛	144	135	4.14	4.35
2½pc '09	(78.8)	129¼	−⅛	131½	124[illegible]	4.20	4.39
2½pc '11	(74.6)	133¼xd	−⅛	135[illegible]	129[illegible]	4.26	4.38
2½pc '13	(89.2)	109[illegible]	−⅛	111[illegible]	105[illegible]	4.31	4.37
2½pc '16	(81.6)	115[illegible]	−1/16	118[illegible]	113[illegible]	[illegible]	4.36
2½pc '20	(83.0)	111¾	−1/16	113[illegible]	109½	4.31	4.34
2½pc '24‡‡	(97.7)	92½	−1/16	95¼	90[illegible]	4.29	4.32

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1991: 134.1 and for January 1992: 135.6

OTHER FIXED INTEREST

	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	109¾	−1/16	111½	95¾	10.70	9.85
Asian Dev 10¼pc 2009	104¼	+¼	105[illegible]	91¾	10.33	9.71
B'ham 11½pc 2012	105½	−¼	109½	100½	11.38	10.67
Ireland Cap 8½pc '10	98½	−⅛	99¼	88½	8.98	—
9pc Cap 1996	98¾	−⅛	98¼	92	9.17	—
13pc '97-02	115½	—	116½	109½	11.36	—
Hydro Quebec 15pc 2011	135[illegible]	—	137½	120[illegible]	13.0	10.60
Int-Am Dev 12½pc 2003	116[illegible]	−1/16	118[illegible]	105[illegible]	11.86	9.91
9¾pc 2015	99½	+1/16	101[illegible]	86¾	10.37	9.82
Leeds 13½pc 2006	118¼	+¼	119½	110½	11.68	10.75
Liverpool 3½pc Irred	31¼	+¼	31¼	28	11.57	—
LCC 3pc '20 Aft	28	—	28	26	11.11	—
Manchester 11½pc 2007	106¼	−¼	107¼	97½	11.27	10.69
Met. Wtr 3pc 'B'	54¼	—	55¼	52	5.77	9.79
N'wide Anglia 3⅞pc 2021	105½	—	106¼	102	—	5.48
4¼pc IL 2024	105	—	107¼	104	—	5.18
Utd Mex States 16½pc 2008	123½	−¼	125	101	13.33	12.89

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs		38¾xd	−15/32	36 11/16	20⅞	15,209	1.9
♥Allegheny & W		321p	+4	395p	218p	166.8	5.3
Amdahl		1054p	−42	1188p	667p	1,169	0.5
Amer Cyanamid		38¾xd	−¼	42⅛	25⅜	3,427	2.3
Amer Express		12 7/16xd	+3/32	17⅞	9 11/16	5,858	4.6
Amer T & T		21⅞xd	—	24½	15¼	28,572	3.4
Ameritech		34	−⅜	38⅞	32½	14,898	5.6
BankAmerica		25⅝xd	−⅝	28 3/16	12 5/16	9,571	2.9
Bankers NY		34⅛xd	−13/16	38 1/16	20 1/16	2,884	8.0
Bell Atlantic		24½xd	−⅜	30½	24¼	9,635	5.8
BellSouth		28⅛	−½	31¼	25	12,871	5.9
♥Bethlehem Steel		8⅞xd	−1/16	11⅛	6 5/16	676.8	—
Bowater		1549p	−30	1836p	1042p	558.4	4.4
CPC		49½xd	−⅛	54 11/16	37 11/16	3,741	2.5
California Engy		753p	—	930p	420p	137.1	—
Campbell Soup	h	21 1/16	−⅛	25	14⅛	5,357	1.8
Chase Manhattan		13xd	−¼	14 3/16	5 3/16	1,767	5.2
Chrysler		9¾xd	−¼	10⅛	5⅜	2,849	3.5
Citicorp		9⅝xd	−3/16	18⅜	4⅝	3,308	—
Colgate-Palm		28⅞xd	−¼	27⅝	21 1/16	3,988	2.2
Cont'l Bank		909p	−48	978p	438p	918.6	3.7
Dana		21⅛xd	+⅛	21⅝	13⅝	860.3	4.3
Data General		883p	−11	1252p	203p	169.5	—
Dial		29⅛xd	—	29⅛	12⅞	1,136	2.7
Dun & Brad		32¼	−⅜	32⅝	20¾	5,735	3.8
Eaton		41⅝	+¼	41⅞	24¼	1,417	3.0
Echlin		9 13/16xd	+⅜	9 13/16	5½	655.8	4.0
FPL		19¼xd	—	20⅛	14 7/16	3,263	7.0
Fluor		24½xd	−⅜	30 1/16	17 1/16	1,987	0.9
Ford Motor		21⅛xd	−11/16	23¼	13	10,609	2.7
Gen Elect		45¼xd	+⅛	48 13/16	28 1/16	39,213	2.6
♥General Host		488p	−2	588p	270p	—	4.1
Gillette		28⅛xd	−13/16	45¾	20⅞	8,149	1.2
Hasbro		21⅞	−⅛	24	7 13/16	1,225	0.5
Honeywell		42 3/16xd	—	42 3/16	21¾	2,842	2.2
Houston Inds		23½	−⅜	24⅜	17⅞	3,029	7.1
IBM		50 7/16xd	−7/16	72 13/16	46	29,857	5.4
Ingersoll-Rand		35⅝xd	−15/16	37½	18 3/16	1,886	2.1
Lockheed		28⅛	−⅛	28⅛	16⅜	1,054	4.3
Lowe's		2377p	+60	2478p	1245p	865.5	1.3
Merrill Lynch		33¼xd	−9/16	38 13/16	10 7/16	3,413	1.7
Morgan (JP)		34¼xd	−15/16	38¼	21 13/16	6,489	3.8
Morris (Philip)		43½xd	−⅛	44⅝	25 7/16	40,273	2.7
NYNEX		41⅞	−⅜	46¾	39	8,493	6.1
♥Pac Agric		28p	—	60p	15p	—	—
Pall		16⅛	−¼	17 13/16	10 9/16	1,414	1.3
Pennzoil		36 7/16xd	−⅛	40⅛	25¼	1,868	6.4
Quaker Oats		37¼	+⅜	40⅞	24⅞	2,848	2.6
Rockwell		15 3/16xd	−⅛	17⅜	12⅛	3,465	3.4
Rep NY		24	−⅛	27 13/16	16½	1,248	2.3
Sears, Roebuck		28 3/16xd	+⅛	28 3/16	12 13/16	9,139	4.2
Sthwestern Bell		30⅞	−¼	35⅞	25⅝	10,156	4.7
Sun Co		16⅝xd	+13/16	20¼	14⅛	1,763	6.2
Tenneco		22⅞xd	−⅛	27⅛	14⅞	2,881	4.0
Texaco		33¼xd	−⅜	40½	23 1/16	8,594	6.4
Time Warner		68 13/16xd	−13/16	84½	37⅞	5,815	0.9
♥Unilab		567p	—	567p	250p	545.3	—
Utd Tech		30 3/16xd	−7/16	31½	22⅜	3,671	3.4
♥Unitech		101p	—	101p	42p	—	—
US West		19½	−⅛	23	18¼	7,898	6.0
Vanity		745p	−40	1419p	578p	186.8	—
Waste Manage		25xd	−⅛	28	16⅝	11,819	1.0
Whirlpool		2387pxd	+17	2788p	1063p	1,784	2.4
♥Woolworth		16 15/16	−⅛	20 3/16	12¾	2,288	3.8

CANADIANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy		2p	—	11p	1¾p	—	—
Amer Barrick		1676p	−11	1848p	853p	2,144	0.3
Bk Montreal		21¾	−½	22⅛	13	2,813	5.5
Bk Nova Scot		1055p	−29	1178p	835p	2,121	4.4
♥BC Gas		828p	+4	870p	630p	—	3.9
BCE		23¼	−⅛	24½	17¼	7,197	6.7
♥Brascan		882p	−16	1060p	647p	769.6	6.0
♥Breakwater		23¼p	—	36p	6p	14.8	23.2
Can Imp Bk		1576p	−48	1810p	1180p	2,878	4.6
Can Pacific		886p	−17	1106p	754p	2,764	0.2
[illegible]		[illegible]					

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HEALTH & HOUSEHOLD - Cont.

[illegible]

HOTELS & LEISURE

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or-	1991/92 High	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.		94xd	−½	118	94	12.8	—	—
Cap		38	—	[illegible]	30	—	20.3	−47.4
Stepped Pf	†	131¼xd	−½	133½	112	8.8	—	—
Zero Div Pf		171½	—	172½	141	—	—	—
Warrants		7	—	18	6½	—	—	—
Scot Values	a	58½	+½	58½	46¼	2.9	58.7	1.3
Sec Alliance	†	1190xd	−1	1235	882	3.9	1367.7	12.8
Second Market	s	227	+2	236	199	8.5	272.3	16.6
Sec Tst Scot	†	69½	—	76	57½	6.8	72.7	4.4
Select Assets		99xd	—	102	71	1.2	136.3	27.4
Eq Ind Sert		115	+1	121	89	8.8	—	—
Eq Ind Sedt		115	+1	121	89	8.8	—	—
Shires	†	225	−1	285	191	10.7	225.2	0.4
11pc Cv Ln '03/04		£85½xd	—	£129½	£97½	10.4	—	—
Stem Select		88	—	98	78	1.5	105.6	16.6
Warrants		18	—	31	18	—	—	—
Smaller Cos		78xd	—	89	60	4.8	84.9	14.0
Warrants		13	—	28	3	—	—	—
Sphere Inc		16½	−½	38	16½	30.4	23.8	30.2
Zero Div Pf		68½	—	69¼	58¼	—	—	—
Warrants		6¼	—	9½	6¼	—	—	—
Stratton		152	—	158	120	1.6	169.8	10.3
Summit		42	+1	119	38	4.3	108.0	60.2
TR City of Lon	M	106½	—	121¼	90	8.8	111.5	4.5
TR Euro Growth	s	88	+1	104	78	1.6	99.7	12.8
Ptg Sub	s	52	—	58	40	2.6	—	—
TR Far East Inc		88xd	—	94	58	8.4	102.7	14.3
Warrants		14	—	23	12	—	—	—
TR High Inc		88	+1	115	85	8.7	98.3	−1.7
Sub	0	31	—	38	24	8.5	—	—
TR Pacific	s	83	—	92	49	0.4	98.6	14.6
TR Prop		24½	—	37	22½	7.8	33.9	27.7
TR Smaller		132	−2	166	98	9.7	148.9	11.4
TR Technology	M	37	—	52	20	6.6	136.5	72.9
Stepped Pf		84	—	94½	70½	2.8	—	—

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MEDIA

MERCHANT BANKS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

	Notes	Price	+or-	1991/92 High	low	Mkt Cap£m	Yld Gr's
Eonex Intl		6½	—	11½	4½	[illegible]	—
Europa Mins		8	—	23	6	2.91	—
Feltram		2¼	—	10	1¾	0.28	—
Genvor		4¾	—	17	2	1.02	—
Glencar Expl		14	—	34	11	2.08	—
Greenwich Res		6½	—	28	8	0.87	—
Hamlo Gold C$		£4 11/16	+3/16	£8¼	£3¼	461.8	2.4
Homestake $		£9	+1/16	£11½	£7½	994.3	1.3
Iverna West		46	+1	61	30	18.2	—
Kells Mins		35	—	48	[illegible]	0.27	—
Kenmare		4½	—	25	3½	4.98	—
Navan Res		20	—	28	16	3.48	—
Northgate Expl C$	e	44	+½	99	31	6.66	—
North West Expl A$		3	—	18	2	1.01	—
Oryx Gold $		79½	—	148	79	—	—
Ovoca Gold		10	—	23	9	0.70	—
Plateau		9	—	44	9	4.18	—
RTZ		538	+4	605	404	5,386	4.8
Vizcaya		2	—	10	2	1.07	—
Western & Pac C$		12½	—	102	7	0.65	—
Young Grp		48	+6	130	25	6.77	18.4

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Subject to local tax. x Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other official estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1991. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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FINANCIAL TIMES
Weekend March 7/March 8 1992

Nagorno-Karabakh conflict may extend beyond former Soviet borders

Turkish threat to cut off Armenia

By David Buchan in Ankara and Leyla Boulton in Moscow

TURKISH President Turgut Ozal yesterday threatened to block landlocked Armenia's only export route to the Black Sea in an effort to "scare the Armenians" into abandoning their fight for the enclave of Nagorno-Karabakh.

Mr Ozal, in an interview with the Financial Times, stopped short of saying that troops from Turkey's army, the second largest in Nato, should be reinforced along the border with Armenia.

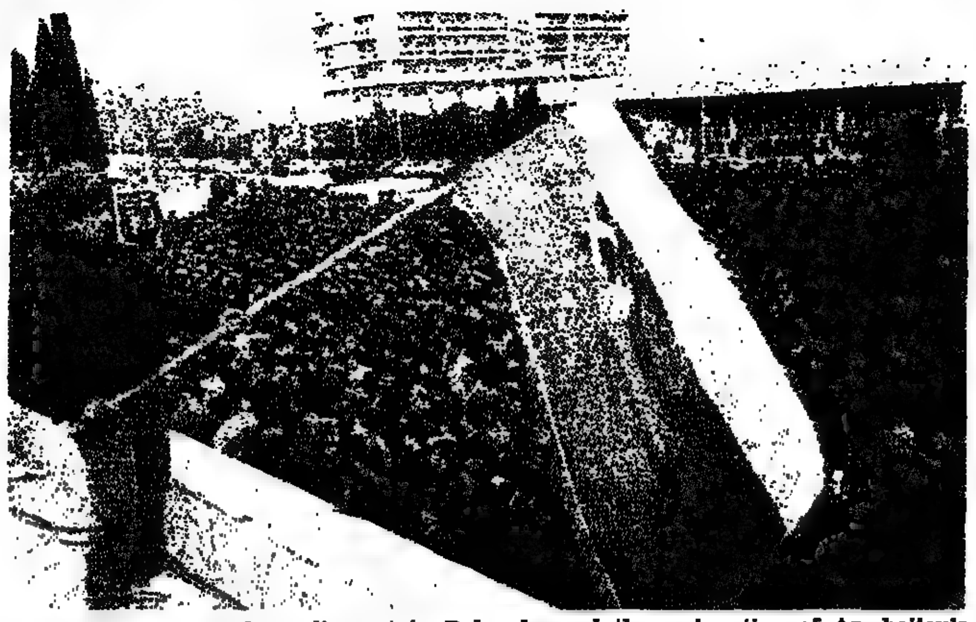
However, he called on any Russian troops remaining in the disputed enclave to help keep the peace, or take their weapons with them when they left. Mr Ozal said he had information that the Nagorno Armenians were arming themselves from Russian depots.

Nagorno-Karabakh is part of Azerbaijan, but its mainly Armenian population wants to be united with Armenia.

The Nagorno-Karabakh dispute, forcing Turkey off the fence and on to Azerbaijan's side, threatens to extend the conflict beyond the borders of the former Soviet union.

The dispute also threatens to mar the prospect of peaceful Caucasian and central Asian co-operation developing around a diplomatically even-handed Turkey, the most successful capitalist state in the region.

Mr Ozal said there was growing Turkish public feeling – which he clearly backs – that the government of prime minister Suleiman Demirel "must do more" to help the Azerbaijanis, with whom Turks identify on cultural, linguistic and religious grounds.



Demonstrators outside parliament in Baku demand the resignation of Azerbaijan's president Ayaz Mutalibov. Protesters prevented deputies from leaving the building

Mr Ozal's comments came as Azerbaijan's president Ayaz Mutalibov resigned after the nationalist opposition charged him with weakness in the conflict with Armenia.

Mr Mutalibov agreed to go after an all-night siege of the parliament by thousands of angry demonstrators who claimed he had failed to defend Azerbaijani lives and territory in the fighting over Nagorno-Karabakh.

Last week at least 100 Azerbaijanis were killed by Armenian guerrillas fighting for control of Nagorno-Karabakh.

Mr Mutalibov's resignation is likely to trigger an escalation of the already fierce fighting between Azerbaijani forces and Armenian guerrillas, and possibly a more isolationist stance within the Commonwealth of Independent States (CIS).

Azerbaijan has been a recalcitrant member of the CIS and its parliament may yet decide not to ratify membership of the fragile organisation. This could push Azerbaijan even closer to Turkey, which it sees as a model for a flourishing secular state with rich oil reserves, substantial industry and abundant food supplies.

Mr Mutalibov's departure will also probably speed up moves to create an Azerbaijani army. One of the criticisms against him was his failure to set up quickly a republican army, as parliament had requested, to rebuff Armenian attacks.

Mr Ozal expressed concern at Mr Mutalibov's resignation, describing him as "quite a conciliatory man". He said he understood Mr Mutalibov's successors were "hard liners".

Mr Ozal acknowledged he had told a business group earlier this week that the time had come to "scare the Armenians a little".

An underlying element to these words is the fact that he and the prime minister, from different parties, have had difficulty co-habiting politically since last year's elections.

High-street tax offices planned

By John Willman and Andrew Jack

A NETWORK of high-street offices – modelled on building society branches – will offer taxpayers a "one-stop" point of contact for dealing with their tax affairs under plans for a fundamental reorganisation of the Inland Revenue published yesterday.

The shake-up – which has been endorsed by ministers – could reduce the Revenue's workforce of 67,000 by as many as 10,000 over ten years.

Unions representing tax staff fear that thousands more jobs could be at risk through the contracting out of routine clerical work. Revenue managers have commissioned feasibility studies into contracting out 30 per cent of jobs as part of the government's "Competing for quality" programme.

Under the plans, routine Revenue work will be concentrated in a limited number of large "service centres" – perhaps as few as 20. These centres will handle routine clerical and administrative work such as the issue of tax assessments and the processing of tax returns. Greater use of new technology is planned, including optical character recognition equipment to read tax returns.

Pilot service centres are to be launched later this year in Birkenhead, Leeds, Norwich and Walsall.

Individual taxpayers will be able to discuss all aspects of their tax affairs through town centre "taxpayer assistance offices".

Senior Revenue managers see such offices as "welcoming but not lavish", using on-line computer links to access the computers which store tax data.

The review says that tax staff in such offices should be given "the information, the technology and the authority to respond to taxpayers' enquiries quickly and accurately; and, where appropriate, the authority and capacity to make decisions and amend records".

"This is the new Inland Revenue," said Sir Anthony Battishill, chairman of the Inland Revenue Board. "Our vision is a department in which for all routine tax matters taxpayers have to deal with only one Revenue office and preferably a named person."

A network of specialist offices would deal with the more complicated tax affairs of the self-employed. They would also be responsible for chasing up non-payers and investigating tax evasion.

Among the options under consideration for simplifying tax assessment and collection is an extension to the self-employed of the "pay and file" system used for corporation tax. Self-employed taxpayers would have to submit their own assessment of what they owe together with payment of tax, for subsequent scrutiny by tax inspectors.

Another option would be to end the practice whereby an employee's PAYE tax affairs are handled by the tax office which deals with the employer.

Japan's outlook 'depressed'

By Steven Butler in Tokyo

THE BANK of Japan yesterday dismissed calls to ease monetary policy after its latest survey of business showed the weakest outlook in four years, with profits and capital spending plans declining sharply.

Mr Kiichi Miyazawa, the prime minister, called for an early release of funds for public works projects in an effort to stimulate the economy.

The central bank's quarterly survey of business, known as the Tankan, showed a particularly depressed outlook for manufacturing industries. The index of business conditions dropped 18 points from November to minus five in February – the first dip below zero since November 1987 and the largest quarterly decline since 1975.

The sharp deterioration will add fuel to the daily calls from political and business leaders for an early cut in interest rates. The central bank's official discount rate was cut by half a point to 4.5 per cent at the end of December.

However, a Bank of Japan official said the bank saw no reason to alter its monetary policy because of the survey and had not revised its view on economic growth. The effects of the last cut in rates were still not fully realised, he said.

The bank said inventories had grown more quickly than expected in the last quarter of 1991.

Profits in the manufacturing industry, excluding oil refining, were expected to fall 16.4 per cent in the fiscal year ending March 31.

Details, Page 3

Sharp rise in US employment figures

By Michael Prowse in Washington

A JUMP in US payroll employment last month was seen by Wall Street analysts yesterday as signalling a gradual improvement in economic prospects and a reduction in the chance of another interest rates cut.

Employment in all sectors excluding agriculture rose 164,000 in February, compared with analysts' expectations of a rise of only 10,000.

However, the politically-sensitive unemployment rate rose from 7.1 per cent to 7.3 per cent, the highest level for nearly seven years. The unemployment data are based on a survey of households.

The rise in unemployment, seen by political analysts as a key measure of economic health, is embarrassing for President George Bush who is campaigning in southern states ahead of the critical 11 Super Tuesday primaries next week.

With the economy the central campaign issue, Mr Bush is trying to convince disgruntled middle-income Americans that growth is about to resume after three years of stagnation.

Financial markets, on the other hand, focus on the payroll employment figures which they view as more reliable. The employment figures are based on a survey of companies.

The sharp rise in non-farm employment, coupled with an increase in the length of the average working week, was seen as reducing the chance of the Federal Reserve easing monetary policy.

Indeed, many analysts now fear the Fed will have to push rates higher later this year.

Mr Jim O'Sullivan, economist at J P Morgan, the New York bank, said the employment figures indicated the "worst was over", but cautioned that the economic recovery was unlikely to be rapid. Morgan is forecasting growth of only 1 per cent at an annual rate in the second quarter of this year.

The rise in payroll employment follows other mildly encouraging signs, including stronger home sales and a slight improvement in department store sales. Most analysts expect the economy to grow modestly in the second quarter, but many fear the recovery will not be robust enough to give Mr Bush a big lift in the election campaign.

The effect of the rise in employment was partly offset by a revision of January's figures to show a drop of 149,000 rather than 91,000. Over both months, the underlying trend was only slightly positive.

Much of last month's employment gain reflected a possibly erratic 133,000 increase in retail jobs, where seasonal adjustments are often unreliable. There were also small gains in other service sectors such as finance and real estate. Manufacturing employment was little changed after a 200,000 decline in recent months. Construction shed 30,000 jobs.

THE LEX COLUMN

Virgin territory for Thorn

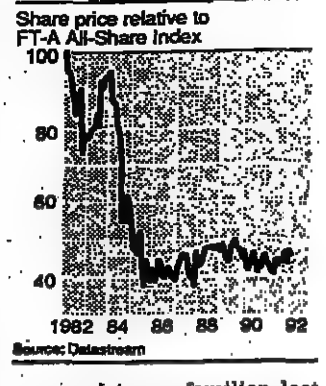
The music business has singed a few fingers in its time, as mid-1980s investors in Thorn EMI, publicly quoted Virgin, and Chrysalis pre-takeover will no doubt testify. Yesterday, though, all that seemed to belong to a different era as the stock market responded to Thorn's acquisition of Virgin music and accompanying £516m rights issue by marking the bidder's shares 3 per cent higher.

It is certainly hard to fault any of the financial engineering. Thorn could hardly have paid with borrowed money, given Virgin's negligible net assets and the size of the necessary goodwill write off. The two-stage structure on the new stock, moreover, looks attractive, given that payment of the promised final dividend of perhaps 21.5p will likely coincide with the second instalment in October. Regulators being what they are, it would not be worth betting on the deal being cleared before late summer.

Even so, shareholders have to take a lot on trust to believe Thorn's claim of quadrupled Virgin profits and earnings enhancement in year two. EMI, admittedly, has managed to double margins since 1987. It deserves credit for the strong position it has established in the US, and no doubt has a pretty shrewd idea of the cost savings from bringing manufacturing in house and trimming the artist list. Integrating Virgin into its extensive distribution network will boost volume. Against this, what price a longer than anticipated climb back from recession on both sides of the Atlantic?

It is easy to get carried away, too, by the valuations which Wall Street in particular places on the music business. Applying the relatively sober 1.6 times sales which Thorn has paid for Virgin to Thorn's own music business may suggest that UK investors are a bit grudging. But without any takeover potential, or an imminent float, it is surely wiser to concentrate on an earnings stream.

FT-SE Index: 2,533.1 (-5.2)



Markets

Unease over the political outlook was evident in the weakness of both gilts and sterling this week. It was less clear in the equity market: the FT-SE shed only just over 1 per cent in spite of a wave of rights issues totalling well over £1bn in two weeks. Perhaps it helped that the news on the dividend front was better than expected, while the rights issues were hardly of the rescue variety so familiar last year. Perhaps equity investors have given up trying to second-guess the budget and election and are looking to the slightly longer term.

Whatever the size of the giveaway on Tuesday, the resulting PSBR will be the floor for borrowing in 1992-3 regardless of who wins the election. Add in the £11bn increase in public spending announced in the autumn statement and a stimulative fiscal stance is guaranteed from the summer on.

That said, there is considerable short-term downside risk. The chancellor may just pull off a vote-winning budget, but he faces an excruciating task. Too much prudence in a recession could lose the election; overdoing the tax cuts would be considered bribery. A false move in either direction could undermine sterling, scuppering for good any chance of interest rate cuts. That would certainly make this week in the equity market look like the calm before the storm.

BT

BT's decision to accelerate job losses suggests it wants to hedge its bets before the election. It looks as if it will increase its original target of 17,000 staff cuts this year by perhaps 50 per cent. In recent years, the group has shed thousands of staff through natural wastage. The recession has changed all that, not least because Mercury is no longer an avid hirer. Cuts will now cost BT hard cash. At the end of last year, it still had £173m left from its 1990 provision of roughly £300m to cover job losses, but that might be enough to make a mere 10,000 staff redundant. BT will need further provisions.

That is where political calculation comes in. By taking the costs of job losses earlier than planned, BT can reduce its embarrassingly high profits by perhaps £200m. That might help keep a Labour government's attention on the other privatised industries. Granted, BT's profits will be higher again in future years, so it risks toughening its regulator's stance in this year's review of post-1993 prices. It will also be adding to the government's unemployment burden. But the strategy has the virtue of keeping BT's options open. Were the Conservatives to win, the job losses could always be trimmed back.

There was plenty of other pre-election jockeying among the utilities this week. The water regulator quietly announced a longer-term approach to pricing than hitherto implied by his sniping at the companies, and the government completed the trade sale of Northern Ireland's electricity industry. All that remains to be fixed is how far British Coal will supply the domestic power market. That is the most intractable problem.

Wellcome

Wellcome must be gratified to note that the week after the announcement of the Wellcome Trust divestment has seen a drop in the company's shares of only 9 per cent. Since the sale may triple the amount of stock in the market, the reaction suggests there is something to the argument that dealing liquidity has a value almost as great as that of scarcity. The question is whether the future will continue so smoothly.

The Wellcome sale may be equivalent to a large privatisation, but there are significant differences. In particular, the seller is not a government anxious to curry favour with voters. The main interest of the Wellcome Trust is to extract the best price from its holding, which hardly points to discount deals yielding instant profit for small private investors.

That presumably means heavy reliance on overseas and UK institutional investors. A tender system similar to that which operated for the recent BT sale would establish a satisfactory clearing price for such buyers. But, in the end, the price will be heavily influenced by demand from the US. Growing signs of recovery there this week ought to mean investors will place a diminishing emphasis on pharmaceuticals in favour of cyclical stocks.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Springer Axel	476	+	8
Varta	330	+	6
Falls			
Asko Prf	555	–	10
Daimler-Benz	765	–	9
Dragerwerk	295	–	16.5
Mercedes	587.5	–	8
New York ($)			
Rises			
American Home	75⅝	+	½
Falls			
Alcatel	64¼	–	1⅜
BankAmerica	43⅜	–	⅝
Citicorp	16⅛	–	⅜
. nited	27⅜	–	½
Morgan (JP)	58¾	–	¾
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
BIC	685	+	8
Valeo	723	+	12
Falls			
AGF	512	–	10
Cetelem	808	–	12
Eurocom	612	–	8
Soc Generale	523	–	10
Tokyo (Yen)			
Rises			
Misawa Resort	1100	+	80
Nippon Tetrapod	1130	+	80
Wakachiku Cons	824	+	57
Falls			
Crown	840	–	170
Ichikawa Wool	630	–	49
Nichiboshin	430	–	40
London (Pence)			
Rises			
Bumfield	182	+	18
First Tech	39	+	5
Grampian TV	141	+	8
Halstead (J)	396	+	20
ICI	1327	+	21
Isotron	240	+	15
Jones Stroud	230	+	20
Lep	14½	+	4½
Marley	117	+	5
Palma	21½	+	2½
Pifco A	305	+	14
Radius	30	+	3
Shoprite	356	+	38
TV-am	92	+	4
Thorn EMI	806	+	21
Wassall	226	+	9
Young & Co	45	+	8
Falls			
Clinton Cards	66	–	3
Cooper Clarke	53	–	9
Derwent Valley	390	–	23
Kunick	8	–	2
Lynx Hldgs	31	–	6

Major defends record

Continued from Page 1

figures showing the sharp rise in young people taking up places in higher education and the spread in ownership of consumer durables across the population.

But the Labour opposition yesterday seized on BT's plans to cut 25,000 jobs to put rising unemployment under the political spotlight in the run-up to next week's Budget.

At a hurriedly-called Westminster news conference, senior frontbenchers called on the prime minister to take "the urgent action necessary" on training, jobs and investment.

Mr Gordon Brown, the shadow trade secretary, said 125,000 jobs had been lost since the New Year and independent forecasts now showed 400,000 more were at risk.

Mr Major is expected to highlight the government's education policies and its new national lottery scheme, announced yesterday, as fresh evidence of its determination to extend choice and improve the quality of life.

But the speech to some 300 Tory councillors is not intended to herald the general election campaign, now thought most likely to be announced on Wednesday – just 24 hours after a tax cutting Budget. His rallying call to the party is expected to come at Torquay next Saturday when Mr Major addresses the Tory Central Council.

Government ministers were last night welcoming new figures showing a sharp reduction in Britain's current account deficit last year to its smallest annual shortfall since 1987. However, City economists were treating the figures warily, claiming the downward revision from a provisional £5.8bn to £4.4bn was the result of "unsustainable" features that emerged in the fourth quarter of last year.

Labour's warnings come as part of the opposition's strategy to "box in" Mr Norman Lamont, the chancellor, as he puts the finishing touches to what is thought certain to be a tax-cutting budget.

Labour strategists believe that even if the Budget were to include many of the measures the Opposition has been demanding, the government is vulnerable to attack for failing to act earlier.

WORLDWIDE WEATHER

Today: Rain over Scotland, Northern Ireland, Wales and western England will turn more showery during the morning. Clearer conditions will spread into western areas with rain reaching eastern England by afternoon. It will be mild but windy.
Outlook: Dry with sunny spells.

		°C	°F
Ajaccio	F	16	61
Algiers	C	15	59
Amsterdam	S	9	48
Athens	F	17	63
Bahrain	S	23	73
Barcelona	R	14	57
Beijing	S	8	46
Belfast	C	9	48
Belgrade	S	13	55
Berlin	S	11	52
Biarritz	C	13	55
Birmingham	F	10	50
Blackpool	S	11	52
Bombay	S	30	86
Bordeaux	F	14	57
Boulogne	S	10	50
Bristol	F	11	52
Brussels	F	10	50
Budapest	F	10	50
Buenos Aires			
Cairo	S	20	68
Cape Town		–	–
Cardiff	F	11	52
Chicago †	R	6	43
Cologne	C	9	48
Copenhagen	C	6	43
Corfu	F	14	57
Dallas †	S	15	59
Dublin	S	11	52
Dubrovnik		–	–
Edinburgh	F	11	52
Faro	S	21	70
Florence	C	16	61
Frankfurt	C	13	55
Geneva	C	10	50
Gibraltar	F	17	63
Glasgow	F	10	50
Guernsey	F	10	50
Helsinki	C	-1	30
Hong Kong	R	10	50
Innsbruck	F	9	48
Inverness	F	8	46
Isle of Man	F	9	48
Istanbul	F	9	48
Jersey	S	11	52
Johannesburg		–	–
Las Palmas	F	20	68
Leeds	F	11	52
Lisbon	S	16	61
Locarno	C	17	63
London	S	12	54
Los Angeles †	F	13	55
Luxembourg	C	9	48
Madeira	S	17	63
Madrid	S	13	55
Majorca	F	15	59
Malaga	S	17	63
Malta	F	18	64
Manchester	F	9	48
Melbourne	S	20	68
Mexico City			
Miami †	R	22	72
Milan	S	15	59
Montreal †	S	-7	19
Moscow	C	-2	28
Munich	R	9	[illegible]
Nairobi	F	28	[illegible]
Naples	F	16	[illegible]
Nassau			
Newcastle	S	10	50
New Delhi	S	26	79
New York †	C	8	46
Nice	R	14	57
Nicosia	S	16	61
Oporto	S	16	61
Oslo	C	5	41
Paris	S	12	54
Perth	S	30	[illegible]
Prague	S	12	54
[illegible]	F	1	34
[illegible]	F	16	61
Rio de Janeiro			
Rome	C	16	61
Salzburg	R	10	50
S'Francisco †	R	10	50
Seoul	C	5	41
Singapore	R	28	82
Stockholm	C	5	41
Strasbourg	S	14	57
Sydney	S	23	73
Tangier	S	17	63
Tel Aviv	C	15	59
Tenerife	C	19	66
Tokyo	C	12	54
Toronto †	F	2	36
Tunis	C	17	63
Valencia	F	14	57
Vancouver †	C	8	46
Venice	Fg	7	45
Vienna	F	9	48
Warsaw	F	5	41
Washington †	Fg	10	50
Wellington	F	18	64
Zurich	C	10	50

Temperatures at midday yesterday | † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

Registered at the post office. Printed by St. Clements Press for and published by The Financial Times Ltd., Number One Southwark Bridge, London SE1 9HL.
Admiral
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Weekend FT

SECTION II

Weekend March 7/March 8 1992

What price the old school tie now?

The FT-500 schools survey, out today, is the widest analysis of private education yet published, writes ***Andrew Adonis.*** *Full and controversial details in our special supplement*

WHATEVER its social cachet, the old public school tie is no longer a reliable guide to top-notch academic performance. Eton, Winchester and Westminster vie with the leading independent grammar schools in Birmingham, Portsmouth, Chester and Manchester for the top slots in the FT-500 survey of independent schools. Famous names languish far below: Rugby 94th, Marlborough 108th, Lancing 178th, Stowe 271st.

Ties apart, the FT survey shows single-sex and day schools largely outstripping their boarding and co-educational partners, and a poor relationship between fees and results at all levels.

The FT-500 survey of independent schools, published today in a special supplement, is the most comprehensive analysis of the private education sector yet published. It includes almost all institutions belonging to the Headmasters' Conference and the Girls' Schools Association. It features a ranking of schools by *all* A-level results, not just top grades. But it is far more than a league table: a mass of information is given on each school, from fees to teacher: pupil ratios and broad subject specialisation.

To that extent, readers can make their own estimate of "value added." The tables are arranged by county, with a separate listing for Scotland.

Our survey shows the top 50 independent schools in England and Wales (Scotland's separate exam system prevents direct comparison) achieving outstanding academic results. That number secured an average A-level grade of B or higher and/or the point-equivalent of at least three passes at grade B. In the country as a whole, only 27 per cent of passes were graded A or B last year.

Among the next 200-odd, competition is fierce, with A-level results good and tiny gaps separating school scores. Differences between them have more to do with fees, facilities and ethos than rankings in the exam scoreboard. At the bottom, however, about 60 institutions turn out poor or indifferent academic results. Some have compensating strengths, but many face an uncertain future.

It should come as no surprise, then, that the independent sector's grip on the leading universities is so tight. And tightening. The proportion of Oxford university's admission for this October coming from independent schools is up from 48.2 to 48.6 per cent – while the state sector, which educates three-quarters of the nation's sixth-formers, has to make do with 42.8 per cent (the rest were mostly from overseas). Three-quarters of next year's Oxford entrants gained at least 2 "As" and one "B" at A-level. At 14 independent schools the *average* A-level score per pupil was thereabouts or higher.

Father Dominic Milroy, headmaster of Ampleforth and chairman of the Headmasters' Conference, told his fellow HMC heads recently of his "suspicion of the invasion of education by the language of the market". A school leaver was neither a client nor a finished product – comments on which he elaborates in an interview in the supplement.

In reality, however, he or she is both, so far as a school is concerned. The corollary is equally clear. As Martin Stephen, Headmaster of the Perse School, Cambridge, puts it: "We have to look very hard at ourselves, work out clearly what it is we are offering that is worth £3,600 a year, and then make sure that parents and pupils know what it is."

What is it, then? Stephen had no doubt: high-quality teaching and results, first and foremost; but discipline, facilities and extra-curricular activities – sporting, musical and cultural – not far behind.

Developing and marketing such wares is now *the* preoccupation of the typical independent school head. Some go about it more energetically than others. David Pardey, an educational marketing consultant, tells his clients that the first essential to selling a school is "SWOT analysis": an audit of the Strengths, Weaknesses, Opportunities and Threats within a school, leading to a "marketing plan" complete with targets and strategies. SWOT or not, most schools are doing it all the same.

The strengths of particular schools are not always clear from the FT-500 table, since facilities and extra-curricular activities are missing. It nonetheless offers some interesting correlations between what you get and what you pay for.

First, results bear little relation to pupil-staff ratios. Across the sector, schools are generally within the 8:1 and 14:1 range. But most day schools are nearer the 14, whatever their A-level performance – which puts them not far behind the 15:1 average for state secondary schools. It may be that the typical private school teacher is more committed than his or her state counterpart; but it is selectivity, buildings, equipment and extra-curricular activities, not more staff, that most parents are paying for.

Typically, 60 per cent of a school's budget goes on teaching staff, and the impact is clear when comparing fees and staff ratios in day schools. It is less evident among boarding schools. Taking five boarding schools with fees of around £11,000 a year at random, the pupil:teacher ratio is 9.3:1; selecting five with fees around £7,500 yields a ratio of only 8:1.

There is, therefore, no straightforward link between what you get and what you pay for: neither in terms of results, nor of facilities (given the unequal endowment of institutions). The FT-500's three top schools, all day grammar schools, have fees of around £3,300 a year; the day fees of their more prestigious "public" counterparts like Winchester, Westminster, Shrewsbury and Charterhouse lie between £7,000 and £9,000. True, of the top 20 boarding schools, 15 have fees higher than £9,000 a year, while of bottom 20, 14 have fees lower than £9,000. Yet average fees in the top four schools taking day pupils are only three-quarters as high as those in the bottom four to do so.

The tables might also lead you to question another piece of conventional wisdom: that if only the state system would pull up its socks, private schools would be the preserve of "snobs and eccentrics," as Labour's education spokesman Jack Straw puts it. Consider Kent. It has clung on to 28 grammar schools, and has one of the highest state-sector university entrance and achievement rates in the UK. Yet it also sustains 26-plus independent secondary schools and, according to the tables, most are far from high-flying. By contrast, comprehensive Avon and Lancashire manage only 19 and 22 respectively. Even if state schools improve, a substantial private sector is with us for the forseeable future.

There is, at all events, no political threat to it – certainly not from Straw, who is these days as likely as Kenneth Clarke, education secretary, to be the star speaker at gatherings of independent heads. If anything, the threat to the sector comes not from independence, but excessive *dependence* on the state. The assisted places scheme, set up by the government a decade ago to pay fees for children from low-income families, now pays all or part of the fees of 7 per cent of private pupils. It has become bread and butter for a significant minority of schools. Our survey shows the dependant to be mostly the big city day schools – and the likes of Dulwich, Manchester and Newcastle grammars could fill their places without them. But a fair few are less favourably placed, and if Labour cuts their lifeline later this year, expect to hear cries of woe – or worse.

By then, they may have been brought on by the recession anyway. Stories of retrenchment, redundancies – even pupils being withdrawn – are legion, particularly among boarding schools, for whom demand is falling steadily. But all schools face difficulties in deciding whether or not to meet a state teachers' pay settlement at twice the rate of inflation. A study earlier this year by Monmouth School revealed almost two-thirds of its parents as having pre-tax salaries of £40,000 or less. There may not be much fat left.

Rationalisation is starting: Malvern College, facing declining roles and little prospect of improving them in rural Worcestershire, is about to merge with both a local girls' school and a prep school – giving it a tied-entry and co-education in one bound. Joint ventures with local businesses to improve sports facilities are common; so are commercial activities in the holidays. Marlborough is marketing a summer school offering more than 70 courses from art, Anglo Saxon and architecture to woodcrafts.

However, private schools are concerned not only about the recession, marketing and investing in marketable facilities: relations with the state sector are also a high priority. Even without assisted places, other changes are working to blur the state/independent divide more than at any time since the end of the direct-grant régime: the national curriculum; pupil testing; changes to teacher training, which will allow private schools to take state trainees; a new inspectorate likely to embrace both sectors. Across the trenches, local management of state schools, plus a near-certain increase in real state school spending, are set to make the private sector's independence and privilege appear ever less exceptional.

"We are moving into a new era," says Father Dominic Milroy. "The whole trend is towards a mixed system: public and private working together, and parents mixing as never before." Who knows, a few years hence it might seem quaint to publish tables comprising only schools which charge fees.

FT-500 TOP TWELVE*

1	King Edward's School (for boys), Birmingham
2	King Edward VI's High School for Girls, Birmingham
3	Portsmouth High School (for girls)
4	Winchester College
5	The King's School (for boys), Chester
6	The Queen's School (for boys), Chester
7	Eton College
8	St Paul's School
9	Haberdashers' Aske's School (for boys), Elstree
10	Westminster School
11	St Pauls' Girls School
12	Manchester Grammar School

* for ranking formula, see supplement

CONTENTS

The glory that was Sukothai: majestic remains of Thailand's "dawn of happiness" .... Page IX

The Long View/**Barry Riley**

Tory twists and turns

NEXT WEEK'S will be the 14th Budget statement since the Conservatives came to power in 1979, and it could be their last for a while. If the advance publicity is correct, and Norman Lamont reduces taxes at a time of rapid rises in public borrowing, it will also be uncharacteristic of what we have become used to – although no doubt the word "prudent" will figure as prominently as ever.

It is revealing to make comparisons with the very first Budget of the series, Sir Geoffrey Howe's post-election effort in June 1979. In some respects, the economic parameters were rather similar, with public borrowing (if you include asset sales) forecast at about 5 per cent of GDP – very much the same as Lamont is likely to project for 1992-93. But interest rates were somewhat higher than they are now, and the inflation rate substantially so.

Labour had been in power for 11 out of the previous 15 years, and great weight was placed by Howe on tackling the failures of the supply side of the economy. He focused on reducing the role of the state, after the overdose of interventionism, and he aimed particularly to cut back the financial demands of the public sector. Cheekily he quoted the famous remark of the former Labour Prime Minister James Callaghan in 1976, which is again worth repeating in full.

"We used to think," said Callaghan, "that you could just spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I have to tell you in all candour that this option no longer exists."

It seems that we are likely to get a very different viewpoint from Norman Lamont next Tuesday. Cutting taxes and increasing spending will indeed figure in his proposals. And in all candour I suggest that we will not hear very much about the failures of the supply side, although it is deeply depressing that in the single month of January the UK should have sustained a visible trade gap of more than £1bn even though the economy is arguably in the worst recession for perhaps 60 years.

However, there is a crucial difference in that the overall public debt burden of the economy is now much lower. Howe was reacting to the public borrowing binge of the 1970s, which had taken the national debt up to nearly 50 per cent of GDP by 1979. Today that proportion is down to about 27 per cent.

Howe was forced to clamp down on the private sector – which he did by raising interest rates by two points and extending credit controls – in order to finance the public sector without fanning the flames of inflation.

Lamont does not need to worry in present circumstances about an explosion of private sector credit. Even so, it is impossible to reconcile the positions of the two chancellors.

Thirteen years ago the Tories were entranced by the idea that the private sector, once set free, would bound ahead. But the response in the early 1980s proved disappointing.

There was a certain amount of growth, but unemployment continued to rise until 1986. Income taxes were slashed so as to improve incentives, yet the economic benefits appear to have been disappointingly ephemeral.

It was only when Nigel Lawson abandoned monetary controls, devalued sterling and cut interest rates that the private sector responded with any great vigour. But it was a candyfloss boom which brought little permanent benefit and which collapsed when anti-inflationary measures were applied.

The remarkable Conservative theory in the mid-1980s was that private sector borrowing could not be inflationary. Deregulation led to an enormous expansion of bank lending but the dangers were ignored.

Soaring house prices, in fact, were regarded as entirely desirable, and any link with general inflation was ruled out. There was a kind of symmetry to the Tories' approach: while the public sector debt burden rose declined sharply during the 1980s the private sector debt mountain swelled alarmingly, reaching 80 per cent of GDP by the end of the decade. It remains dangerously out of proportion to the ability of borrowers to service it at high real interest rates.

It did not begin like this. In fact the Conservative government made a lot of good economic decisions in its early years.

Since 1985, though, policies have nearly all been disastrous: the abandonment of monetary restraint, disregard for asset price bubbles, slowness to react to the economic overheating and then the pegging of sterling to the DM at the wrong time. Last year the government was sitting around waiting for a phantom recovery. Now it is embarking upon a borrowing binge which could impede the eventual recovery of the private sector.

Lamont should allow for the risk that the government will have to assume responsibility for a large slice of private sector debt through bailouts of financial institutions. Already it is propping up the market in repossessed homes.

Immediately ahead of the election, unfortunately, the errors cannot even be acknowledged, let alone responded to or corrected. Some day, perhaps, Tory theorists will get around to working out how it all went wrong.

My own conclusion is that the deadly touch of the Treasury is at the centre of much of it. It is not just that its forecasts have often been comically bad.

More fundamentally, far too much emphasis has been placed upon centralised economic policies. Even if these were executed properly – as they generally were up to 1985 – they could not liven up the economy very much.

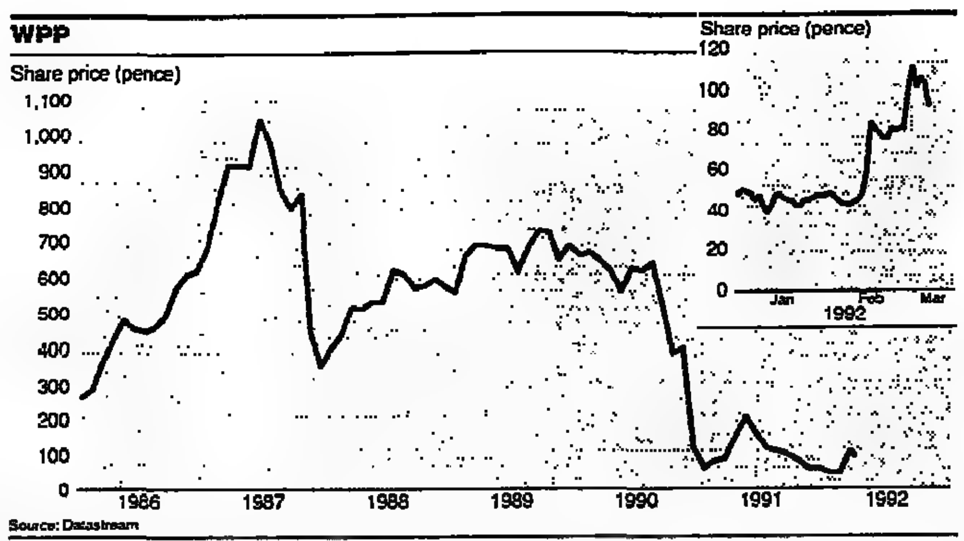
It must be time to downgrade the Treasury. And this is more than a question of handing over responsibility for monetary policy to the Bank of England. The whole idea of chancellors producing new ideas out of a red box every year is flawed. In any case, within the EMS and the Single Market, monetary and fiscal policy – even down to tax rates – will increasingly be determined by what the rest of Europe is doing.

The ministerial pecking order in Whitehall has to be revamped. The industry and employment departments must become much more important centres for the development of economic policy. But we must not expect the kind of miracle which was proclaimed by the Treasury in 1988. Just a few good ideas will do.

London Markets

Old favourite emerges from the depths

By Peter Martin, Financial Editor



BLINK, and you missed it. In the past four weeks, shares in WPP, the advertising agency, have risen from 42p to 91p, a rise of 117 per cent. WPP warrants, a highly geared bet on the stock, have risen more sharply still, to close at 7½p. Warrant-holders have nearly *quadrupled their money, on paper*, in less than a month.

WPP benefited from two developments: the winning of two big advertising contracts in recent weeks, and the growing feeling among US investors that advertising volumes are about to pick up. WPP owns the J Walter Thompson and Ogilvy & Mather advertising agencies, so it stands to benefit greatly from any such upturn.

Other media businesses have risen, but by much less. The shares of Saatchi & Saatchi, which also has big US operations, has risen 20 per cent in the same period, to close at 16½p yesterday. The Media sector of the FT-Actuaries All-Share index has risen by 5 per cent in four weeks, outperforming the overall market by 4 per cent.

Why has WPP so far outstripped its rivals? Partly because of its big account wins, no doubt. But also because its finances are so weak, after the borrowing nec*essary to acquire these agen*cies, that there has been a longstanding question-mark over whether it would survive at all. An inflow of new business that ensures its future transforms it from a potential disaster to a company that should be valued on the basis of its strong brand names and market position.

Once investors shift their view in this way, the spectacular decline in WPP's stock over the past five years – which, as the chart shows, quite dwarfs the recent run-up in price – is transformed from a liability to an asset. Instead of being a constant reminder of the depths to which the company has sunk, it becomes a beacon of the value once attached to it. No one expects those heady valuations to return, of course, but even a partial recovery is a tantalising prospect. Hence the speed with which WPP has *leapt ahead*.

That may prove illusory: the rise in price may now have run its course, and the company's financial outlook is still uncertain. The general lesson, however, is that the biggest leaps in price in difficult times such as these are made by some of the companies over whom the clouds once hung darkest.

On one condition: economic recovery must arrive before the bailiffs. This week it looked likely that in the US that race is entering its final furlong, with the bailiffs behind by a nose. In the UK, it was still uncertain just how much further there is to the finishing line.

One indicator turned from optimism to pessimism during the week: short-term UK interest rates, which had reflected an expectation that base ruts would be cut around the time of next week's Budget, rose on *Thursday. At their new level*, they indicated that the market is worried that a weak pound will preclude any early cut in rates. The stock market, which had been displaying a certain amount of bounce earlier in the week, reacted badly: the FT-SE index closed on Thursday at 2538.3, down 20.1. On Friday, it edged a little lower, closing at 2533.1, down 29.0 on the week.

Companies reporting their results this week continued to report no signs that trading is improving. In other respects, the results season is proving more or less true to expectations. Warburg Securities' running calculation of how big companies' actual results compare with its analysts' end-January predictions shows that pre-tax profits for industrials are smack in line with estimates, at 6 per cent down on last year, so far. Industrials' post-tax earnings are slightly better, at 10 per cent down compared with an expected 11 per cent. Industrial companies are paying dividends 10 per cent higher than a year ago, compared with an estimate of 9 per cent. Non-industrial companies are doing slightly worse, dragged down, presumably, by the banks.

Two unexpected trends, as the market braces itself for an election, were the apparent lack of impact of political news and individual opinion polls; and a reappearance of takeovers and rights issues, despite *the uncertain weeks that* lie ahead. The lack of political excitement is doubtless partly attributable to the UK's membership of the ERM, which locks economic policy firmly into a rigid framework of consensus. It also stems, however, from a growing belief that the most likely outcome of the *election is a hung* parliament, and that therefore one day's opinion polls do not matter so much.

The rights issues include some big ones: £333.5m from Bowater, the packaging group, to finance two acquisitions; and £516m from Thorn EMI, to buy Virgin Music, Richard Branson's privately-owned record company. Bowater's rights issue was priced at 605p, a 27 per cent discount to the market price of its shares. Thorn EMI's more complex offering involves partly-paid loan stock units that convert into one ordinary share if the deal goes through and the stock becomes fully paid; and into 0.4 shares if the deal falls at a regulatory hurdle and the stock is never paid up. Each unit is priced at 650p, a 17 per cent discount to the market price.

Despite the size of the rights issues, the shares of both companies reacted well to the news. Bowater dropped only 3p on the day and closed the week at 785p, up 17p. Thorn EMI, which had fallen from 809p a week ago to 785p on Thursday night, as the Virgin deal became increasingly likely, leapt when the rights issue was announced. It closed on Friday at 806p, down only 3p on the week. There were special reasons for Thorn's strong performance, not least a promise of an immediate tripling of Virgin Music's profits. But the healthy reaction to the rights *issues is another sign the mar*ket is taking the pre-election excitements calmly.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2533.1	-29.0	2679.6	2054.8	Political and sterling uncertainty
BAA	560	-20	585	326	James Capel downgrade
British Aerospace	327	+10	653½	283	New orders
British Land	214	-28	333	214	Weak property sector
Dalepak Foods	385	+23	435	137	Preliminary bid talks
GKN	353	+18	398	268	Maintained dividend
Hillsdown	168	+16	265	148	Proposed subsidiary flotation
Kingfisher	521	-35	582	359	DIY price war fears
Lawrence (W)	48	+25	64	21	Agreed bid from Raine Inds.
MTM	189	-97½	290	136	Accountancy discrepancies
Raine Inds.	108	-18	150	93	Rights/bid for W. Lawrence
Rolls-Royce	150	+10	179	118	Maintained dividend
Shoprite	356	+51	401	102	BZW recommendation
Simon Eng.	270	+34	394	214	*Included in 'County 30'*
Wellcome	1023	-103	1174	404	Wellcome Trust share sale plan

Serious Money

Lamont begins the triple whammy

By Philip Coggan, Personal Finance Editor

THE PHRASE "double whammy" made it into the electioneering headlines this week but it is a "triple whammy" which will concern most investors this weekend.

A combination of the Budget, the end of the tax year and a general election, all within the next five weeks, will force many into some hasty decision-making.

The temptation is to rush into investments in an effort to avoid tax, particularly at the higher rates for higher earners which will be imposed by a Labour government.

The snag, which we have been trying to emphasise for the last few weeks, is that tax shelters rarely come without a penalty. Either the investor has to tie up his or her money for a long period, or receives no income, or faces charges which might outweigh the tax savings. Worst of all, he might lose a good proportion of his money. Better to pay tax on a profit than to make no profit at all.

There are plenty of other caveats. It would be pointless to lock away your savings for a long period if you then find that higher tax rates make it difficult for you to make ends meet on your income. You could find yourself requiring instant access to your savings.

And a Labour government might not be elected, so you might tie up money without good cause. Also remember, that if the Conservatives call an election next week, Tuesday's Budget would only be implemented if they won at the polls, so take care before rushing out to take action after you hear Norman Lamont's Budget speech.

Private investors should think hard about their individual needs – and only then see if any tax-efficient investments meet those needs.

There are some obvious points – such as tax efficiency within the family. Husband and wife each have personal income tax allowances of £3,295 *and a tax-free capital gains* allowance of £5,500. One may be taxed at 40 per cent and the other at 25 per cent. Efficient use of these allowances and differential rates can save a good deal of tax.

If the top rate of tax under Labour rises to 50 per cent (plus 9 per cent NI), then it is likely to make sense to use savings to pay down that part of your mortgage which is over the band for tax relief (currently £30,000). Otherwise you will be paying interest out of heavily taxed income and then facing the same taxes on your savings income.

With mortgage rates currently at 10.5 per cent, then a top rate taxpayer would need to earn a gross return of more than 21 per cent from his savings under Labour to be better off not paying down the loan. And those who face the investment income surcharge on top would need to earn a staggering 25.6 per cent.

'Better to pay tax on a profit than to make no profit at all'

A Tessa (Tax Exempt Special Savings Account) offers the chance for tax-free interest. If you pick a Tessa without transfer penalties, there are no real disadvantages. Although the tax break only arises if you keep the capital within the Tessa for five years, all that happens if you withdraw your money is that you pay income tax. You would have done that if had you left the money in the building society. And rates on Tessas are in many cases better than those on conventional building society accounts.

Those who are sure that they can survive without their money for five years should also consider the attractions of National Savings certificates, which offer per annum rates of either 8.5 per cent fixed or 4.5 per cent plus inflation.

An individual investor could this year accumulate as much as £23,000 in Tessas and National Savings certificates – and get tax free returns without any risk to the nominal value of their capital.

Again, those who are worried about capital loss, might find attractions in an offshore roll-up fund, which would allow them to postpone tax (see Page V). Here again, the snag is that you also have to postpone receiving your income. The tax-free capital gains offered by indexed-linked gilts may also appeal, especially if you believe that a Labour government will mean higher inflation.

Other tax breaks, which are more heavily marketed, need extra care. Some would argue that you can never make too much provision for your pension, but there is a danger at the moment that too many people are switching out of good company schemes and into personal pensions.

Remember that money put aside for a pension is "lost" until you retire and that the charges on a regular payment pension plan are heavy in the early years. If you get fed up with your pension manager and want to switch, the transfer value may be much lower than the amount you paid in premiums.

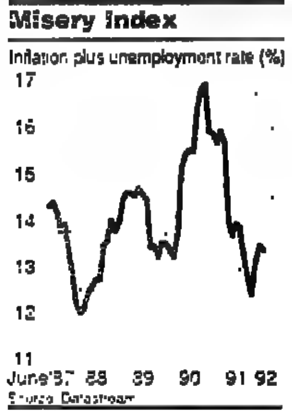
And personal equity plans are fine for those who have large equity portfolios, and are long term investors. But for a basic rate taxpayer with £7,000 in the building society, to put £6,000 in a Pep makes little sense. He will probably pay 5 per cent or more in charges, which at current tax rates and equity yields will take several years to recover. And if he suddenly needs the money for a new car next year, he may not get his capital back.

The tax attractions of a Business Expansion Scheme (see page V) are among the most appealing of all, but again caution is needed in selecting a scheme. Getting your money out again after the five year period is up is often the trickiest part of the investment.

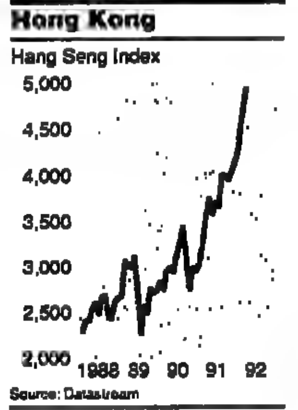
Good independent financial advice is essential in these matters.

AT A GLANCE

Misery Index



Hong Kong



Misery Index cheers Major

The Misery Index, which adds the unemployment rate, expressed in percentage terms, to the rate of inflation, fell steadily last year, aided primarily by a fall in inflation from 9 per cent in January to 4.5 per cent in December 1991. The index is now on the rise as unemployment is growing. Some commentators view the Misery Index as a guide to the election prospects of the party in government. On this basis, the index bodes well for John Major, since despite being on the rise it is still lower than in June 1987, the time of the last election. Inflation then was 4.2 per cent and unemployment, 10.1 per cent.

Hong Kong celebrates

Although the Hang Seng Index fell back 55 points yesterday, the Hong Kong stock market has been setting record highs in recent weeks. Investors have been shedding worries about the colony's prospects post-1997 (which causes shares to trade on a lower rating than many other South East Asian markets) and instead focusing on its role as the business gateway into China.

Bonus cuts by Equity & Law

Equity & Law has reduced terminal bonus rates on life policies and shorter term pension policies. Reversionary bonuses, and terminal bonuses on long-term pensions, remain unchanged.

Assuming policies were taken out by a 29-year-old man paying £30 per month, pay-outs on 25-year endowments have dropped to £62,426 from £63,451, while on ten-year policies the fall is from £7,767 to £7,263. Equity & Law also announced that its funds under management rose from £4.7bn to £5.6bn.

Smaller companies drift

Small company shares drifted slightly downwards in the week before the Budget. The County Small Companies Index fell 0.1 per cent to 955.7 in the week to March 5 while the Hoare Govett Small Companies Index (capital gains version) dropped 0.04 per cent to 1207.27 over the same period.

CU launches 'green' trust

Commercial Union has launched the Commercial Union Environmental Trust, an investment trust which will invest globally in small companies which it expects to benefit from increased expenditure on environmental protection.

It is mainly intended for institutions, but some shares may be available through large intermediaries. CU is not offering a savings scheme nor launching a specific personal equity plan linked to the trust.

Investor gloom deepens

A survey by Pearl Assurance has found private investor confidence at a low ebb.

Only 23 per cent of those interviewed in February expect the stock market to be higher after six months; and just 41 per cent expect it to be higher in three years' time. Gallup interviewed 2,000 people on behalf of Pearl.

Wall Street

Dow obeys the law of supply and demand

WHATEVER the flaws in the science of economics, it is hard to fault the laws of supply and demand. If a lot of people want something which is in limited supply, the price goes up.

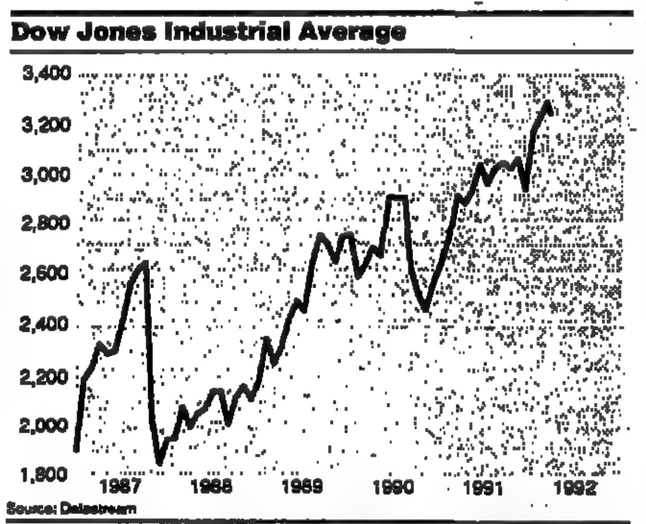
So it is with the US stock market at present. Reports *suggest that investors'* money is still pouring into stocks at a staggering rate, as low interest rates make alternative investments appear relatively unattractive. Merrill Lynch, the largest retail brokerage firm in the US, is thought to be attracting around $275m (£156.2m) every 24 hours. Other brokerage firms are also seeing substantial inflows.

With this kind of "weight of money" behind the market, it is perhaps unsurprising that Wall Street should continue to scale new heights – even if the heady daily gains of late-December and January are a thing of the past, and progress comes in fits and starts.

The only events which seem likely to reverse this rise *include a serious setback* in the economy or a dramatic change in the interest rate scenario. There has been little indication of either. That does not necessarily mean that events will unfold smoothly: even if the weight of money gives a solid underpinning to the market, there are plenty of pundits who suggest that a temporary correction is due. This, they say, might take the Dow back below 3,200.

So it was against this rather ambivalent background that the Dow Jones Industrial Index climbed almost 15 points to 3290.25 on Tuesday – nudging ahead of the previous week's record close, at 3283.32. But as with many of the "new records" set recently, this remained a half-hearted affair. The more broadly-based Standard & Poor's 500-stock Index managed only a 0.4 point gain, to 412.85, shy of its all-time high. The Nasdaq Composite Index, which measures over-the-counter stocks, fell 1.22 points to $634.25.

On Wednesday and Thursday, the nerves set in. Waves of profit-taking, ahead of Friday morning's unemployment data, caused falls of over 20 *points in the Dow on both* days. Publication of the figures provoked fewer ripples, the Dow still dithered.



The economic statistics remain opaque – but even the worst news is not so bad that it merits a rethink by investors. Part of Tuesday's rise, for example, was attributed to the sharp rise in January's index of leading indicators. This showed a *0.9* per cent advance, compared with a 0.2 per cent fall in December.

New single-home sales in January also surged, while, on Monday, the February "purchasing managers' index" – another measure of activity in the industrial economy – showed a reading of 52.4 per cent. (Any figure over 50 per cent suggests that the economy is expanding, and in January, the index had stood at 47.4 per cent).

Friday's unemployment figures were a slightly different story. There was an unexpectedly large rise in non-farm payrolls last month, up 164,000 while manufacturing employment rose by 12,000. This was tempered by the Labor Department's revision of its estimate for January's fall in non-farm jobs from *91,000 to 149,000. Meanwhile*, the headline unemployment statistic rose by 0.2 percentage points to 7.3 per cent – the highest figure since July 1985.

This broad picture aside, there are still plenty of individual situations which could give cause for concern. On Thursday, Toronto's Olympia & York Developments, the property giant run by the Reichmann brothers, sent a shiver round the market. Rumours that the company might file for bankruptcy protection – speedily denied – sent shares in several large US commercial banks lower. Chemical lost $1¼ to $31½, Chase Manhattan slipped $⅝ to $22½ and even the mighty J. P. Morgan eased $1 to $59.

ITT, the conglomerate whose interests range from insurance to hotels, was also active. News that the company was selling its remaining 30 per cent in France's Alcatel to partner, Alcatel Alsthom, sent the shares up $3¾ to $69⅞ midweek. By Friday, in the wake of a more cautious stance by Rand Araskog, ITT's chairman, on further divestitures, the shares had fallen back to $63⅞.

Anyone hoping to glean some insights in the economy's progress from the February sales figures posted by most large retailers on Thursday, meanwhile, would have simply been confused. At one end of the scale, Wal-Mart, the aggressive Arkansas-based discount retailer, reported a same-store sales gain of 20 per cent; by contrast, Woolworth managed just 3.1 per cent on the domestic front. Most other retailers came in at between six and nine per cent.

Like most of the economic news at the moment, it could be better. But it could also have been worse.

Nikki Tait

Monday	3275.27	+ 7.60
Tuesday	3290.25	+ 14.98
Wednesday	3268.56	− 21.69
Thursday	3241.50	− 27.06

The Bottom Line

Cadbury gives cause for applause

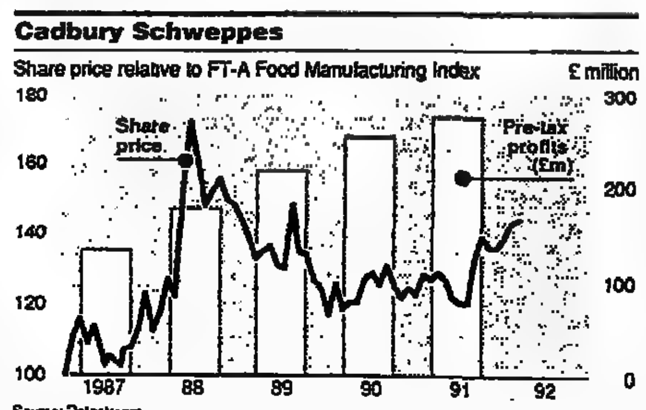
ANY chairman of a company with British Aerospace's problems needs all the good news he can get. So, when Sir Graham Day slipped this week into another of his many roles, as chairman of Cadbury Schweppes, he could be forgiven for making a meal *of its impressive full-year* results. These, he said, marked "a record year in every respect." In spite of sluggish 2.7 per cent sales growth, pre-tax profits raced ahead by 13.2 per cent to £316.4m, bettering the most optimistic forecasts. Earnings rose 9.6 per cent to 27.73p a share while gearing fell 49 per cent to 39 per cent.

Cadbury's classy performance marks a further pay-off for its strategy of focusing tightly on core businesses, applying firm cost controls, and ploughing heavy investments into improving manufacturing efficiency and marketing support. This is just the kind of proven formula the City likes in food companies nowadays, and it has helped Cadbury's shares out-perform the sector by 12 cent in the past year – although they eased slightly after the results.

Can Cadbury continue to justify its premium rating? Analysts think there is plenty of scope for further growth and expect pre-tax profits of about £345m this year.

The latest results underline the star role of the soft drinks *business, which increased* operating profits by 12.5 per cent. Acquisitions have expanded Cadbury's international presence greatly in recent years, and Les Pugh of Salomon Brothers reckons the division can look forward to annual profit gains of 16 per cent. In the US, the company defied a weak soft drinks market last year to increase volumes faster than any of its rivals. Although only a small player by the standards of Coca-Cola and Pepsi, Cadbury claims to be benefiting from a demographic shift in favour of "adult" soft drinks.

In Britain, where Cadbury's beverage operations are handled by a joint venture with Coca-Cola, a drop in leisure drinking cut sales volumes by nine per cent. Yet, operating results still rose 17.8 per cent, thanks to success in pushing through price increases.



The real engine of growth is likely to be continental Europe, where soft drinks' consumption is only one-third the level in the US. Volumes are expected to increase strongly in the next few years, propelled by heavyweight marketing campaigns by Coke and Pepsi. Cadbury lacks a cola but it is well placed to cash-in on overall market growth. A series of deals has enabled the company to build a bottling network second only to Coke and add local brands, such as Gini and Oasis in France, which it is extending beyond their home markets.

By comparison, the company's confectionery operations offer a less exciting prospect. Although they did well to increase market share and profits in a recession-bound British market last year, their overall trading results advanced only 4.4 per cent, slightly less than their growth in sales.

Longer term, Cadbury faces a dilemma. Already, it leads its home market, where its rock-solid position is rooted in Britons' liking for milky chocolate. But this preference is shared hardly anywhere else except Australia. As a consequence, international sales expansion faces a "taste barrier".

Cadbury's efforts to overcome it by acquiring continental companies with local brands, notably Poulain in France, have not been wildly successful. Furthermore, the highly-concentrated structure of Europe's chocolate industry means there is little else available to buy – although opportunities may remain in the more fragmented sugar confectionery business.

So, where can Cadbury turn for growth? One option would be to forge an alliance of the kind the company has already with Coke in beverages. The obvious candidate is Jacobs Suchard of Switzerland, the only big European chocolate-maker without a strong UK presence. Philip Morris, Suchard's well-heeled US owner, has of course long topped the list of predators rumoured to be stalking Cadbury. The British company is now thoroughly inured to questions on this point, and Day went out of his way last week to emphasise that it would not be easy meat.

He said Cadbury was determined to make itself as expensive as possible by maintaining a high price-earnings ratio. "Any potential acquirer is going to have to have deep pockets," he declared, adding that fiercely-independent companies always tended to cost bidders more.

Just how much of Cadbury's share price is due to a bid premium is debatable. Most analysts believe its present level has more to do with the "flight to quality" which has occurred as the market has grown wary of the recession's impact on lesser food stocks. Either way, Cadbury's management has a powerful incentive *to keep on* running hard.

Guy de Jonquières

FINANCE AND THE FAMILY

How to find a cure for your CGT headache

***Philip Coggan** and **Scheherazade Daneshkhu** unravel capital gains tax complexities for the private investor*

CAPITAL gains tax is paid by a small minority of people – 165,000 last year – but probably causes headaches for many more.

The tax is payable on only a limited number of assets and there are reliefs available. An individual is entitled to an annual allowance (£5,500 in 1991-92); to an indexation allowance giving protection from the effects of post-1982 inflation; and to offset losses against gains.

In the past five years, many equity investors must have been wishing they had done well enough to worry about CGT.

Nevertheless, for substantial private investors, the process of calculating the CGT bill is complex and time-consuming. Without careful planning, the tax can take a nasty bite from your investment profits.

Investors often indulge in potentially costly transactions known as "bed and breakfast" deals to avoid future CGT bills.

The end of the tax year is the time for investors to work out their CGT liability.

For some, it could be worth realising some gains to use up as much as possible of this year's allowance – it cannot be carried forward. And, there is the election to consider.

■ **Labour plans**

If Labour forms the next government, CGT changes may focus on two issues: the level of annual exemption and the possibility of making a structural reform of the tax.

Chris Smith, the party's Treasury spokesman, said Labour does not have immediate plans to change CGT. However, there is speculation that the present annual exemption is likely to be reduced, although it might stay above the level of the basic income tax allowance (£3,295 at present).

Rumours that the annual CGT exemption could be dropped to as low as £1,000 have been denied robustly.

Smith said Labour is considering changes which would relate to the length of time an investment had been held. "Our medium-term aim is to look at a differential rate to encourage longer-term holdings," he said.

Those with gains realised over a shorter period would, therefore, pay a higher rate than others.

Smith added that the tiers might not even be restricted to two bands but could be extended to three. He would not speculate on how long the "shorter" and "longer" term might be.

■ **Investments which usually are exempt from CGT**

The good news is that there is a large range of items which do not face the bite of the tax. These include: Your main home (including a caravans or houseboat); personal equity plans; gilts; National Savings (certificates, yearly plan, premium bonds, capital bonds, SAYE deposits); life insurance policies; currency for personal use abroad; betting winnings; shares issued after March 18 1986 under the BES and sold more than five years after you bought them; damages awarded to you for personal or professional wrong or injury; gifts to charities; gift of heritage property; and chattels with a predictable life of no more than 50 years when you first acquired them (so long as they were not used in your business). Gains on chattels with a predictable life of more than 50 years may be CGT-free subject to certain rules.

Calculating your bill

IF YOU sell an asset which is not in the above list, you may have to pay CGT. To find out, you need to make a complex calculation:

■ first, take the sale proceeds, then

■ deduct the cost or value of the asset when you bought it, inherited it or were given it (except by your spouse, see below)

■ deduct allowable expenses, such as brokers' commission and stamp duty.

The result is your unindexed gain. But the Inland Revenue allows you to offset the effects of inflation after March 1982. Each month, it produces indexation allowances for the previous month (which are published in the *Weekend FT*), which reflect the increase in the Retail Price Index.

Assets bought before April 6 1982 have special rules (normally the March 31 1982 value is taken as the initial value). If prices have risen by 50 per cent between the month in which you bought the asset and the month in which you sold it, then indexation will reduce your taxable gain.

For example, if the asset cost £1,000 and the proceeds of sale were £6,000. Indexation would reduce your gain by £500.

Repeat the process for all the assets you have sold in the tax year. Total up the gains, deduct the losses and, if the result is over £5,500, you will have to pay GGT.

This gain is added to your basic income and taxed at 25 per cent if your taxable income (including the gain) is under £23,700 and at 40 per cent if it is above that.

Batches of shares

Alas, the above calculation, complex enough, applies only to shares bought in one lump. Many investors will have gradually built up shareholdings in companies over several years.

According to the *Which? Tax Savings Guide* (published by the Consumers' Association) if you sell shares which you have acquired in batches, they will be treated as being sold in the following order:

■ any shares which you acquired on the day of disposal;

■ any shares acquired within the previous nine days;

■ any shares acquired after April 5 1982;

■ shares acquired after April 5 1965 and before April 6 1982;

■ shares acquired on or before April 5 1965.

For most people, the problems will arise on dealing with shares acquired since 1982. Here the rules are complicated.

The first task is to deal with shares bought between April 6 1982 and April 5 1985. Total the cost, and add the indexation allowance between dates of purchase and April 1985.

Divide this total by the number of shares acquired in the period; the result is the indexed value per share.

If you bought shares after April 5 1985, you add the initial cost of such shares to the indexed value of your 1982-1985 batch (including indexation between April 1985 and the date of the next purchase). You have a new indexed total, and can calculate a new indexed value per share.

When you come to sell, you can apply further indexation from the month of your last purchase to the month of sale.

Rights issues and bonus issues

Shares acquired in such issues are treated on an averaging basis. On a rights issue, apply the same indexation calculations to the rights shares as you do to the original shares. Add the two indexed values together and divide by the total number of shares; the result is your average, indexed, cost per share. There are complications, however, and you should consult an accountant.

The treatment of bonus issues (free issues of shares) is more simple. When you come to sell, divide the indexed value of your holding by the total number of shares, including the bonus shares. So, if you had 5,000 shares acquired at an indexed cost of £7,500 – and there was a one-for-one bonus issue – your indexed value per share would fall from 150p to 75p.

Further information

Leaflets from the Inland Revenue which explain the intricacies of the tax include CGT4 (owner occupied houses); CGT13 (indexation allowance for quoted shares); CGT 14 (an introduction); CGT15 (a guide for married couples) and CGT16 (indexation allowance; disposals after April 5 1988).

CORRECTION

In last week's A-Z of Personal Finance, it was stated that capital gains tax is payable on gilts. This is not, of course, the case. We apologise for this error.

CGT allowances: January

	1982	1983	1984	1985	1986
Jan	–	1.641	1.561	1.487	1.409
Feb	–	1.634	1.555	1.475	1.404
Mar	1.707	1.631	1.550	1.461	1.402
Apr	1.673	1.609	1.530	1.431	1.388
May	1.661	1.602	1.524	1.424	1.386
Jun	1.657	1.596	1.520	1.421	1.387
Jul	1.656	1.590	1.522	1.424	1.391
Aug	1.656	1.583	1.508	1.420	1.386
Sep	1.657	1.576	1.505	1.421	1.379
Oct	1.649	1.570	1.496	1.419	1.377
Nov	1.640	1.565	1.491	1.414	1.366
Dec	1.643	1.561	1.492	1.412	1.361
	1987	1988	1989	1990	1991
Jan	1.356	1.313	1.222	1.135	1.041
Feb	1.351	1.308	1.213	1.128	1.036
Mar	1.348	1.303	1.207	1.117	1.032
Apr	1.332	1.282	1.186	1.084	1.019
May	1.331	1.277	1.179	1.074	1.016
Jun	1.331	1.272	1.175	1.070	1.011
Jul	1.332	1.271	1.174	1.069	1.013
Aug	1.328	1.257	1.171	1.059	1.011
Sep	1.324	1.251	1.163	1.049	1.007
Oct	1.318	1.238	1.154	1.041	1.004
Nov	1.311	1.233	1.144	1.043	1.000
Dec	1.313	1.229	1.141	1.044	1.000

Source: Inland Revenue

Avoiding CGT bills

THERE ARE a number of tax shelters available which can avoid CGT. The most prominent are the Business Expansion Scheme and the Personal Equity Plan.

Investors can place £40,000 in a tax year in a BES (see Page V) but for the CGT exemption to apply the investment must be held for five years. There is no time limit on a Pep but an investor can invest only a maximum £9,000 (via a £6,000 general and a £3,000 single company Pep) in any one tax year.

The snag with both is that there is no guarantee of a profit. Investors may choose inappropriate investments, and face hefty losses, if they pick the wrong schemes. Losses in these shelters cannot be offset against gains elsewhere.

Married couples

One way of lessening your CGT bill in any single tax year if you are married and living together, is to transfer assets to your spouse. There are two instances in which this makes sense: to use up your spouse's £5,500 allowance or to ensure that gains are taxed on the spouse with the lower tax rate.

Since April 6 1990 (when independent taxation was introduced), it has not been possible to offset your losses against your spouse's gains or vice versa in order to pay less tax.

The transfer will be considered a gift and it must be made unconditionally.

Assets will still be taxed for CGT purposes as if your spouse had acquired them at the same time that you had. Suppose you bought shares in 1987 and transferred them to your spouse in 1991. When they sell the shares, they will, broadly speaking, pay CGT as if they had acquired the shares in 1987.

The method of transfer depends on the gift. To transfer shares, you must fill in a share transfer form (claiming exemption from stamp duty). For an object such as a painting, you might need to ask a solicitor to draw up a deed of gift, although an exchange of letters might suffice.

Bed-and-breakfast deals

The annual CGT allowance cannot be carried forward to subsequent tax years, and this opens up the scope for the bed and breakfast deal. In essence, this involves selling an asset and buying it back shortly afterwards.

Through such a deal, an investor can use up his annual allowance and avoid a hefty tax bill in future years. This may be particularly attractive this year, with the prospect of lower CGT thresholds under Labour.

One problem is that a bed and breakfast deal involves costs, such as commission, and the risk that prices might move while the investor is out of the market. Further snags are detailed by Ralph Newns in the accompanying article.

Bed-and-breakfasting

THE TAX year will effectively end two days early for investors – on Friday, April 3 1992. People who want to reduce their 1991-92 CGT bills by establishing allowable losses, therefore, must not leave things until the very last minute, writes Ralph Newns.

For a shareholding or other investment which has become virtually worthless, a negligible value claim can be submitted on April 1 or 2, under section 22 (2) of the CGT Act 1979.

The April Retail Price Index has consistently been significantly higher than the March figure (between 1 per cent and 3 per cent higher in recent years) so it is always worth waiting until the first couple of days of April to make negligible value claims, so as to establish the highest possible loss for CGT purposes.

If you miss the statutory deadline of April 5, it is possible to put in a retrospective claim by virtue of extrastatutory concession D28 (published in the free Revenue booklet IR1) but it is generally better to claim one's rights under the law than to have to ask for the tax relief by concession.

Traditional bed and breakfast deals, namely a sale in the afternoon and a purchase next morning, do not work for what-is-called "relevant securities". Briefly, these are:

■ securities covered by the accrued-income scheme;

■ deep-discount securities;

■ shares etc in non-qualifying offshore funds.

To establish an allowable loss on a holding of convertible loan stock, for example, requires particular care (including consideration of the consequences under the accrued income scheme rules), because the settlement day for the reacquisition must be later than that for the sale.

There is no room to go into details here, but the principles will be familiar to readers who recall the transactions which replaced traditional B&B between the 1982 and 1985 Finance Acts and which became known as board and lodging.

It is worthwhile to restate the basic principles of traditional bed-and-breakfast for listed shares (excluding shares in offshore funds, as mentioned above):

■ there must not be any agreement on Day One (the day of the "bed" sale) that a "breakfast" purchase will take place on Day Two;

■ full beneficial ownership must pass to the counterparty on Day One.

These basic principles are readily satisfied on the Stock Exchange, of course, but they make it virtually impossible to do an effective B&B outside the Exchange.

■ *Ralph Newns is a tax manager at Touche Ross & Co. Reprinted from Securities and Banking Update, Touche Ross's monthly newsletter.*

FINANCE AND THE FAMILY

SIB life rule changes

Read the small print, says ***Norma Cohen***

THOSE WHO want to shop around for life insurance will need to read a lot of fine print and be adept with a calculator, thanks to plans which the Securities and Investments Board will announce this week.

SIB raised the hopes of the consumer lobby last autumn when it suggested that each company would have to give prospective customers an estimate of its charges over the term of a life insurance policy. It suggested that the final policy cost should be spelled out clearly in pounds. The new proposals, however, deliver much less. Lobbying by life insurers has convinced the SIB it should not insist on company specific charges.

Companies will be able to project charges based on the average of charges across the industry. Thus, if you are looking for a low-cost producer, the new rules are not going to help you much.

However, you may be able to glean some information about your charges by reading the table of surrender values. The new rules will require sales agents to give this to you before you sign anything. You will be entitled to know the percentage of premiums you will be refunded if you cancel during the first five years.

You will also be told the "crossover" point, which is the length of time before your return will be equal to the amount of premiums you have paid in. On a typical 25-year endowment policy, the crossover point is about 12 years.

Using a calculator, you may glean more information. The SIB may require life companies to say how much charges will reduce your investment return, expressed as a percentage of cost per £100. Again, these charges will be industry-wide.

But this will allow you to calculate that on a projected return of, say, £50,000 on a 25-year endowment policy, a rate of £14 per £100 means you will have paid £7,000 in charges.

How to protect the family nest egg

Caroline Garnham *on tax-efficient settlements*

HARD TIMES mean that the preservation of wealth is top of the home agenda. The "family settlement" is a vital tool in protecting the wealth of your family.

It can be used for tax mitigation as well as a mechanism to preserve wealth against the ravages of spendthrift children and over-zealous creditors.

Money in a family settlement is no longer owned by you, (the settlor). But, importantly, neither is it owned by your children or grandchildren (the beneficiaries), to do with and spend as they please. It is owned by trustees – one of whom could be yourself – who control and manage the trust money in accordance with your instructions as set out in the trust deed.

This is of particular relevance to aspiring entrepreneurs who use a family settlement as a means of distributing the family's nest eggs to protect family wealth from bad luck in business.

But this is not a wheeze to escape creditors altogether. Under the Insolvency Act 1986, if within two years of setting up the trust an order of bankruptcy is made against you, the trustee in bankruptcy can have the trust set aside and make the assets available to your creditors.

Similarly a trust can be set aside if it took place within two to five years of the commencement of bankruptcy proceedings, if it can be shown that you were insolvent at the time of, or as a result of, setting up the trust.

Even after five years, a creditor can still have a settlement set aside but only if he can prove to the court's satisfaction that the settlement was created with the intention of defeating creditors. After five years, however, this is usually an uphill struggle.

Another common incentive for setting up a family settlement is to protect the family wealth from bounty-hunting spouses.

If you create a family settlement for your children or grandchildren it is unlikely

that your spouse will be able to overturn it, or have this taken into account, unless it was set up deliberately to defeat a divorcing spouse's claim.

The situation is not so clear if you set up a trust for a child, which specifically excludes his wife from benefit. Following the case of Browne v Browne 1988, a court can take into account the realistic expectations from a settlement.

Just because money is in the family settlement does not mean that it is dead money. Provided the trustees exercise their duties in accordance with the trust deed and the ultimate benefit of the beneficiaries, there is nothing to stop them investing in the shares of your family company or in your new joint venture.

There are also many tax advantages in setting up a family settlement, although these vary according to the type of trust created. If you set up a grandchildren's settlement, the income paid to your grandchild will be taxed as his or her personal income. This is not true of a children's settlement established by a parent.

Very often it is overlooked that a grandchildren's settlement is of real financial assistance to the parents, since the income can be used for all spending in connection with the children – including school fees, and clothes.

There can also be capital gains tax advantages in trusts. Capital gains made in a trust where income must be paid out to the beneficiaries (ie an interest in possession settlement) will be taxed at only 25 per cent. In other types of settlement the rate is 35 per cent – provided you, the settlor, are not also a beneficiary. Both rates are better than the 40 per cent top rate of CGT.

Whether and to what extent the trustees have to pay money to the beneficiaries will depend upon what the trust deed says. Although most settlors would like a trust deed to be fully flexible as to when and to whom payments are to be made, the inheritance tax provisions usually dictate otherwise except for children under 25.

Most settlements created today are therefore either flexible trusts for children under 25 (often called "accumulation and maintenance trusts") or trusts for adults where the income must be paid out to a specific beneficiary and cannot be accumulated (often called "interest in possession trusts").

Exactly what assets should be transferred into trust will largely depend upon the increase or decrease in value of the settlor's assets since they were acquired. In the Finance Act 1989, gifts into trust or otherwise became chargeable to capital gains tax with a few exceptions. The most notable exceptions are for gifts of private company shares and business assets.

If the Labour party is elected, the preservation of wealth through the creation of family settlements could be seriously curtailed. Labour's Policy Review for the 1990s says it will introduce more effective and progressive taxation of inheritance, including lifetime gifts. From then inheritance tax could prohibit the formation of accumulation and maintenance trusts and interest in possession trusts.

Therefore, if you are thinking of creating a settlement for your family, you may only have until the election to do so in a tax efficient manner.

Caroline Garnham is a tax lawyer with the City firm of solicitors Simmons & Simmons.

The Week Ahead

Analysts await word on BTR strategy

BTR is expected to report lower annual pre-tax profits on Wednesday, but most interest will focus on how the industrial conglomerate is digesting its latest acquisition, Hawker Siddeley, the engineering group, which it bought for £1.55bn in November after a bitterly-contested takeover battle.

BTR is unlikely to give anything away about possible disposals, but analysts will want to hear what the enlarged group has to say about its trading outlook. The impact of recession is expected to have cut last year's pre-tax profits from £966m to below £900m.

As the world's largest mining group, the RTZ Corporation could not be expected to escape the problems associated with recession in the US and the UK and present low metals prices. Analysts expect the group to report on Thursday a fall of about 35 per cent in net attributable profits for 1991. This would take them down from last year's £507m to between £295m and £340m.

Most commentators suggest that RTZ will maintain its dividend payment at 19.5p because an increase to, say, 20p, would send the wrong signals about prospects for the current year.

Standard Chartered Bank will announce on Wednesday pre-tax profits of £200m to £220m, a marked improvement on 1990's £150m after heavy provisions.

It has had relatively few lending problems in the UK other than to Brent Walker, while its Asia Pacific region had a good year and is thought to have made a strong contribution. Last year's 20p dividend at is expected to be maintained.

Hillsdown Holdings, the food manufacturer, should turn in 1991 pre-tax profits of around £182m on Wednesday, down a little from £191.2m a year earlier. A final dividend of around 6.4p, up 7 per cent, is expected.

Poultry will again peck away at group profits, contributing only £28m (£59.4m) with a small loss in the UK offset by profits abroad. On the positive side, Maple Leaf, its Canadian subsidiary, has performed well. Encouraging developments include the recent purchase of Unigate's poultry business which should help bring rationalisation to the industry and an upturn in Hillsdown's profits this year to around £235m.

United Biscuits is expected to report on Thursday a small increase in 1991 pre-tax profits to £205m from £197.7m. Given the group's confidence in its long term prospects, the final dividend could be raised 3 per cent to 9.4p.

McVities biscuits and Terry's chocolates have held their own but KP snack foods have been disappointing. Bright spots last year were the growing European operations and the Keebler biscuit business in the US.

Saatchi and Saatchi, feeling the pinch of the recession in advertising, is likely to report on Tuesday a loss of around £50m for the 15 months ended December. This will included provisions for unused office space and restructuring costs. Even without those, it probably ran up a small loss of £8.6m as it struggles to create a vibrant business after the swingeing organisational and financial restructurings of last year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Lawrence (W.)	53½	45½	23	26.02	Raine Inds.
Macarthy	358§§	331	321	98.53	Lloyds Chemists
Polymark Intl	37*	36	34	4.33	Polyfinance
[illegible]	164½*	163	131	5.08	Polyfinance
Robinson (Thos)	27	27	12½†	42.73	BM Group
Steetley	395	377	274	603.67	Redland
Taveners	185*	170	130	4.77	Toma Fabrikker
Thornton (G.W.)	200††	198	203	13.26	Bromsgrove Inds
Trevian Hldgs	45*§	45	40	2.87♣	Frogmore Ests
Wilkes (J.)	151½	164	177	26.69	Petrocon

*All cash offer. †Cash alternative. ‡For capital not already held. ‡Unconditional. **Based on 2.30pm prices 6/3/92. ‡At suspension. §Shares and Cash. ♣ For 85% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AAF Investment	Dec	3,970	(3,570)	21.43	(20.37)	11.0	(11.0)
Abbey National	Dec	618,000	(582,000)	31.8	(28.8)	10.5	(9.5)
Admiral	Dec	3,470	(3,280)	21.9	(19.4)	4.8	(4.2)
ASW Holdings	Dec	2,300	(40,300)	-	(37.1)	9.0	(12.5)
BICC	Dec	81,000	(183,000)	10.7	(40.2)	19.25	(19.25)
Billam (J)	Dec	306	(117)	13.3	(4.2)	4.28	(4.04)
Bowater	Dec	112,700	(113,100)	47.0	(50.2)	22.0	(21.0)
Braime (TF & JH)	Dec	668	(367)	30.22	(15.61)	8.5	(5.5)
British Polythene	Dec	10,300	(6,600)	23.79	(21.64)	9.0	(8.25)
British Vita	Dec	50,400	(54,200)	16.9	(18.8)	7.05	(6.7)
Burnfield	Dec	1,170	(3,200L)	4.8	(-)	5.75	(5.5)
Cadbury Schweppes	Dec	316,400	(279,600)	27.73	(25.29)	12.5	(11.5)
Capital & Counties	Dec	29,000	(63,000)	10.6	(24.4)	10.0	(13.2)
Chartered WestLB	Dec	21,200	(16,000)	-	(-)	-	(-)
City & Comm. Inv.Tst.	Jan	2,340	(2,170)	-	(-)	9.91	(9.2)
Clull Resources	Dec	2,350	(2,506)	1.65	(2.43)	1.0	(1.0)
Cowie (T)	Dec	18,200	(11,300)	11.11	(7.22)	4.88	(3.7)
[illegible]	Sep	431L	(235L)	-	(-)	-	(-)
CRH♥	Dec	62,600	(83,500)	17.46	(23.2)	6.45	(6.0)
Doeflex	Dec	1,240	(1,280)	10.59	(10.21)	4.02	(4.02)
Expamet International	Dec	7,300	(12,800)	9.06	(19.62)	10.38	(10.38)
Fisons	Dec	190,500	(230,200)	20.8	(26.3)	8.7	(7.5)
French Property Tst.	Dec	541	(287)	1.53	(0.71)	1.0	(0.47)
General Accident	Dec	171,600L	(121,300L)	-	(-)	28.75	(28.75)
GKN	Dec	95,000	(172,000)	14.2	(36.1)	20.5	(20.5)
Grahams Rintoul Inv.♦	Dec	856	(1,050)	-	(-)	-	(-)
Gresham Telecomp.	Oct	751	(257L)	1.42	(-)	0.22	(-)
Hampden Homecare	Dec	1,300	(506)	6.37	(2.0)	2.0	(0.2)
Harrington Kilbride	Dec	1,270	(1,010)	10.2	(8.1)	-	(-)
Heywood Williams	Dec	19,200	(23,100)	17.2	(22.8)	12.5	(12.0)
Holders Technology	Dec	380	(978)	8.56	(8.51)	6.0	(6.0)
Instem	Dec	1,010	(1,000)	15.2	(14.0)	4.2	(4.05)
Intrum Justitia	Dec	11,600	(8,650)	9.1	(7.6)	2.4	(1.8)
Ladbroke	Dec	210,400	(296,500)	18.12	(24.49)	11.15	(10.61)
Lewis (John) Partn.	Jan	77,300	(91,500)	-	(-)	-	(-)
Life Sciences Int.	Dec	18,500	(14,310)	8.8	(7.6)	3.35	(2.9)
Lilleshall	Dec	2,400	(2,770)	7.5	(12.9)	4.0	(3.9)
London Fin. & Invest.	Dec	669	(318)	1.33	(-)	0.75	(0.75)
Merlin Int.Green Inv.	Dec	830♦	(1,260♦)	3.3	(5.0)	3.15	(3.0)
Metal Bulletin	Dec	1,700	(1,640)	12.5	(12.2)	7.4	(6.9)
More O'Ferrall	Dec	5,800	(9,700)	14.9	(24.3)	13.2	(12.8)
MTL Instruments	Dec	4,610	(3,770)	16.6	(13.69)	3.4	(2.8)
Nat. Counties Build.	Dec	8,080	(8,770)	-	(-)	-	(-)
[illegible]	Dec	19,600	(8,700)	4.71	(2.36)	2.25	(0.75)
Pentos	Dec	15,200	(14,200)	9.1	(9.3)	2.75	(2.50)
Radius	Nov	366	(2,820)	0.8	(6.5)	2.7	(2.7)
Rank Xerox	Oct	236,800	(284,500)	-	(-)	-	(-)
Readymix♥	Dec	3,630	(4,850)	8.05	(10.83)	2.75	(2.5)
[illegible]	Mar	328♦	(319♦)	7.45	(8.2)	8.0	(7.5)
Rolls-Royce	Dec	51,000	(176,000)	2.5	(13.9)	7.25	(7.25)
Sema Group	Dec	14,000	(15,300)	11.02	(10.45)	2.6	(2.5)
Serco Group	Dec	5,200	(4,300)	30.2	(26.1)	12.0	(11.0)
Singapore Para Rubber	Dec	284	(244)	1.58	(1.62)	1.1	(1.0)
Singer & Friedlander	Dec	16,410	(13,570)	4.8	(3.82)	2.6	(2.6)
Stainless Metalcraft	Aug	258L	(141L)	-	(-)	-	(-)
Stat-Plus Group	Dec	4,810	(5,710)	15.0	(17.2)	7.126	(6.25)
Sumit	Dec	167	(573)	1.4	(7.3)	1.25	(5.8)
Sun Life Corporation	Dec	47,500	(34,800)	-	(-)	58.4	(47.0)
Swanyard	Dec	2,790L	(349)	-	(-)	-	(-)
Templeton Galbraith‡‡	Dec	69,100	(63,100)	39.5	(36.3)	21.0	(16.0)
TLS Range	Dec	259	(807)	-	(5.2)	-	(1.8)
Transfer Technology	Dec	5,500	(2,940)	40.0	(31.0)	13.0	(10.0)
Unidare♥	Dec	5,090	(5,070)	28.33	(26.23)	15.0	(14.2)
Victaulic	Dec	14,300	(11,500)	42.6	(34.9)	14.7	(12.0)
Woolwich Build.Soc.	Dec	136,400	(173,000)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Adam & Co.	Dec	722	(221)	-	(-)
Arcadian Internat.	Oct	[illegible]	(2,290L)	-	(-)
Bailey (Ben)	Dec	107	(326)	0.3	(0.3)
Butte Mining	Dec	52	(931L)	-	(-)
Courtney Pope	Nov	963	(3,450L)	-	(-)
Domestic & General	Dec	2,730	(2,130)	6.0	4.5
Enterprise Computer	Dec	1,730	(2,520)	1.0	(-)
Essex Furniture	Dec	375	(320)	1.25	(1.0)
Fleming Emerging	Dec	736	(-)	-	(-)
Galliford	Dec	2,060	3,610	0.95	(0.95)
Heggs (John)	Dec	911	(355)	1.0	(-)
Hays	Dec	28,800	(27,500)	1.5	(1.3)
Intereurope Tech.	Dec	614	(642)	2.0	(2.0)
London Securities	Sep	5,270L	(3,400L)	-	(-)
Microfilm Reprog.	Dec	3,810	(3,610)	1.44	(1.2)
New Cavendish Est.	Dec	162	(5)	-	(-)
Pilco	Oct	577	(1,810)	3.5	3.5
Raine Industries	Dec	5,800	(8,200)	2.0	(2.0)
Renishaw	Dec	4,100	(5,430)	2.5	(2.0)
Scot	Oct	455L	(637L)	-	(-)
Sinclair Goldsmith	Nov	599L	(291L)	0.5	(1.0)
Sinclair (William)	Dec	1,680	(1,770)	1.7	(1.6)
Thorpe (FW)	Dec	830	(616)	0.8	(0.7)
TR City of London Tr	Dec	4,240	(4,360)	-	(-)
Waterman Partnership	Dec♦	235L	(306)	0.5	1.0

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♥ = Irish Punts & Pence. ♦ = Net revenue. ‡‡ = US dollars & cents.

RIGHTS ISSUES

Bowater is to raise £333.5m via a 1-for-3 rights issue at 605p.
British Vita is to raise £73.4m via a 1-for-5 rights issue at 212p.
Raine Industries is to raise £33.5m via a 2-for-7 rights issue at 95p
Courtney Pope is to raise £5.1m via a 10-for-1 rights issue at 65p

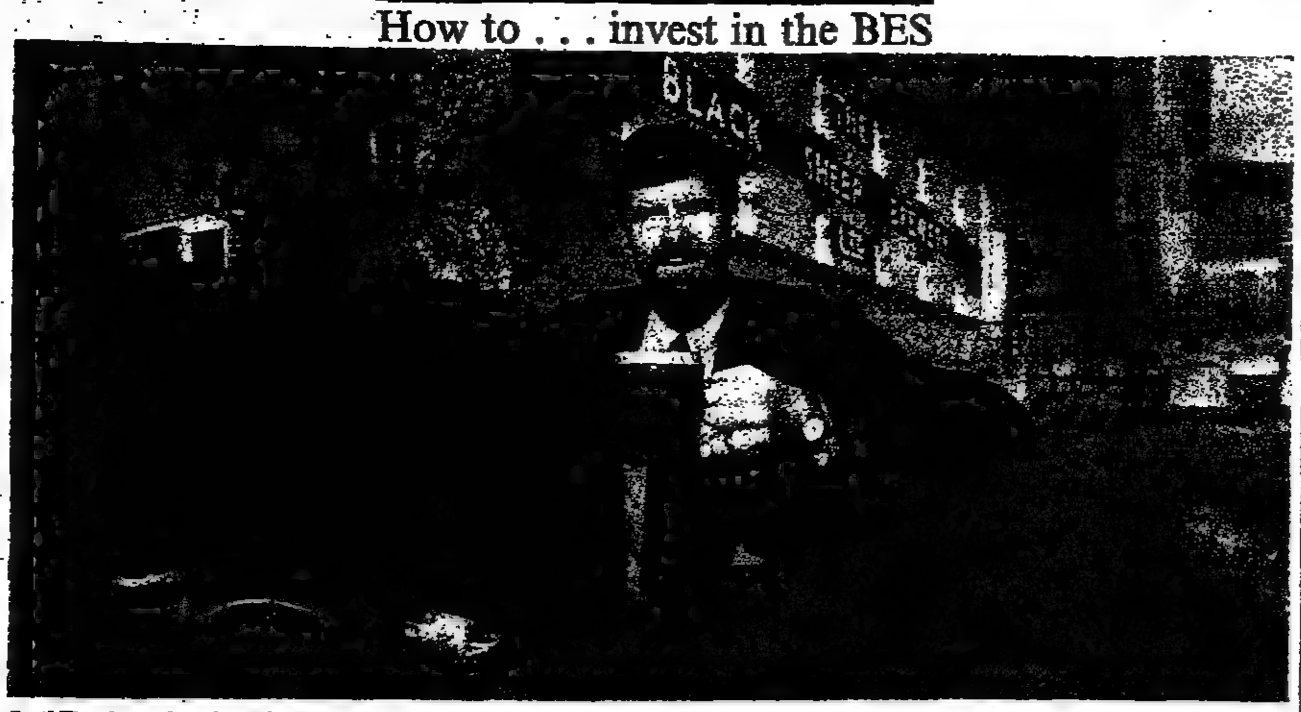
RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abbeycrest	Thursday	1.2	2.4	1.2
Abbott Mead Vickers	Thursday	2.7	5.1	2.8
Aegis Group	Wednesday	2.75	3.1	2.75
American Trust	Tuesday	1.45	3.25	1.50
Ansbacher (Henry)	Wednesday	-	1.5	-
Associated British Ports Hdgs	Thursday	2.75	4.5	3.1
Baynes (Charles)	Thursday	0.4	0.8	0.5
BBA Group	Monday	2.25	5.25	2.25
Beradin Holdings	Thursday	-	0.45	-
Bilton (Percy)	Tuesday	6.4	12.04	6.67
Blagden Industries	Thursday	4.5	5.0	4.6
BTR	Wednesday	7.0	8.75	7.5
BTR Nylex	Wednesday	-	-	-
Bullers	Tuesday	-	-	-
BWD Securities	Wednesday	1.0	0.75	1.3
Calderburn	Monday	2.8	4.9	2.8
Candover Investments	Monday	3.0	6.6	3.5
Clarke (T)	Thursday	1.2	5.04	1.25
Clondalkin Group	Tuesday	1.57	2.48	1.69
Consolidated Venture Trust	Monday	-	0.1	-
Edmond Holdings	Thursday	0.65	1.2	0.68
EFT Group	Thursday	0.3	0.7	0.33
Emess	Thursday	1.3	2.2	0.65
Enterprise Oil	Thursday	6.0	9.0	6.5
Evered Bardon	Thursday	1.93	3.85	1.93
Fairey Group	Monday	2.75	5.50	3.00
Fife Indmar	Monday	1.0	3.9	1.0
Global Group (The)	Friday	-	0.5	0.2
Glynwed International	Tuesday	4.15	7.5	4.15
Greggs	Monday	4.6	9.0	4.75
Grosvenor Development Capital	Wednesday	-	1.35	-
Hall Engineering	Thursday	3.3	5.34	3.3
Hillsdown Holdings	Wednesday	2.0	8.0	2.2
HSBC Holdings	Tuesday	-	-	-
Inch Kenneth Kajang Rubber	Tuesday	3.0	4.0	3.0
Jones (A) & Sons	Thursday	-	-	-
Kerry Group	Friday	0.71	1.39	0.75
Kinta Kellas Inv.	Tuesday	-	-	-
Kleinwort Smaller Comp.Inv.	Wednesday	1.35	3.25	2.0
Kode International	Thursday	2.5	5.0	1.0
Legal & General	Thursday	5.9	12.0	6.2
Lex Service	Friday	5.9	9.4	4.0
Merchants Trust	Monday†	2.25	2.25	2.5
Nichols (J.N.) (Vimto)	Wednesday	4.3	6.7	4.6
North Midland Construction	Wednesday	0.5	0.75	0.5
Pacer Systems	Tuesday#	3.0	3.5	3.0
Padang Senang Holdings	Thursday	-	0.8	-
Perkins Foods	Monday	1.5	2.3	1.7
Persimmon	Monday	2.3	4.65	2.8
Plaxton Group	Monday	3.0	1.5	1.0
Ransomes	Monday	2.05	4.1	-
Renown Inc.	Friday	-	-	-
RTZ Corporation	Thursday	8.0	13.4	8.0
Saatchi & Saatchi Company	Tuesday	-	-	-
Second Market Investment Grp.	Wednesday	-	2.40	-
Simon Engineering	Wednesday	5.0	10.7	5.0
Standard Chartered	Wednesday	12.5	7.5	7.0
Strong & Fisher (Holdings)	Tuesday	2.0	-	-
Takare	Monday	0.35	0.72	0.5
Thailand International	Tuesday	-	-	-
Thornton Pan-European Inv.Tst.	Thursday	-	0.87	-
TI Group	Thursday	6.5	13.0	7.0
T & N	Wednesday	3.8	7.25	3.8
Transport Development Group	Monday	3.0	6.5	3.0
Unigroup	Tuesday	-	-	-
United Biscuits	Thursday	5.3	9.1	5.5
USDC Investment Trust	Monday	1.0	3.25	1.0
Walker (Thomas)	Friday	1.22	0.17	0.7
Wates City of London Prop.	Tuesday	0.77	2.96	0.77
Whitegate Leisure	Wednesday	-	0.30	-
INTERIM DIVIDENDS				
BM Group	Tuesday	1.6	1.8	-
Castle Communications	Tuesday	4.0	4.5	-
Close Brothers Group	Monday	2.8	6.0	-
Cornwall Parker	Monday	1.6	3.9	-
Everest Foods	Wednesday	2.2	4.6	-
Ex-Lands	Thursday	-	-	-
Headway	Friday	1.9	0.7	-
Logica	Tuesday	1.15	2.35	-
Mucklow (A.J) Group	Monday	2.56	3.07	-
Pict Petroleum	Monday	-	-	-
Polypipe	Monday	1.20	2.55	-
Sirdar	Thursday	1.65	3.5	-
Thorntons	Monday	1.20	2.40	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = Quarterly dividends quoted. # = Figures quoted in US cents.

FINANCE AND THE FAMILY

How to . . . invest in the BES



Paul Theakston is raising funds via the BES for his new Black Sheep Brewery in Masham, North Yorkshire. Sponsored by stockbroker Wise Speke, the company will brew "traditional draught ales in the tradition of England's famous Old Peculier."

Look before you leap

*There's value to be had but caution is necessary, says **John Authers***

IT COULD just be a marketing ploy. This year, as every year, the word is that the business expansion scheme is due for sweeping changes. But some of the BES schemes being marketed seem to have reduced the risk involved to an extent never imagined by the government.

John Harrison, of Investment and Tax Publishing Services, points out that changes to the scheme could be made in the Budget with immediate effect, stopping the marketing of some schemes even before the end of the tax year.

The combination of tax incentives and a possible deadline could lead investors into a headlong rush. This is dangerous, as many of this year's most attractive schemes have sold out already. This does not mean that there is no value to be found anywhere, but investors should exercise caution.

The rules of the scheme, in outline, are quite simple. You can invest a maximum of £40,000 during a tax year. This need not necessarily all be in the same BES company.

You then receive tax relief on this at your top marginal rate of tax. If you are a top-rate, 40 per cent taxpayer, you will receive a rebate for 40 per cent of the sum invested in the BES company.

You hold on to this tax relief only if you keep the BES shares for at least five years. At the end of this period, providing the company remains in existence, you are allowed to dispose of the shares (not always an easy job) free of capital gains and income tax.

Most BES companies buy properties and then let them as assured tenancies, following a change in the rules in 1988 designed to stimulate the private rental housing sector.

When should you consider investing in a BES company?

David Wells, of chartered accountant Binder Hamlyn, says the scheme is useful only to people paying 40 per cent tax. The benefits are much less worthwhile for 25 per cent taxpayers. And, of course, you should never invest for tax reasons alone.

It is important not to go overboard. If, for instance, you have already paid the maximum into pension contributions, you might find that your gross income no longer exceeds the threshold for top-rate tax by enough to receive top-rate relief on all of the BES investment.

Wells says an accountant can work this out for you, but you should view the BES only as part of end-of-tax-year planning.

A decision also will depend on your liquidity. If you cannot afford to shelter the money and forego any income from it for five years, something more flexible could suit you better. You can combine a BES investment with a temporary annuity for five years, but this is cumbersome and adds to the expense.

Assuming you have decided to go ahead, which type of scheme should you choose?

Judged as pure tax-planning tools, the most attractive offerings are precisely those thought to have the most endangered future – the "buy-back" or covenanted schemes.

They work by bringing in a second party, as well as the BES company. The latter will buy assets in return for a covenant from the second party to buy them back at a fixed price after five years.

The convenants are binding legally, so the investor should be safe unless the "guarantor" goes out of business. Most of them buy assured tenancies on behalf of either housing associations or higher education colleges.

Such institutions do not have massive financial clout, though. Therefore, both shareholders and sponsors have tried to find third party guarantors, even though the legislation does not allow for a direct guarantee to shareholders from a third party.

Some schemes have attempted to lessen risk further by making the "buy-back" self-financing. This can be done by arranging fixed-rate loans for the buy-back company, and then setting up separate cash deposit accounts earmarked specifically for BES investors.

Normally, this still works out as cheap finance for the housing association or university. In some cases, no new accommodation is either bought or built – a university can sell its accommodation to the BES company, bank the proceeds, and still make a nice profit on the deal.

These cash-backed schemes usually offer a lower level of return than schemes which have not attempted to arrange pre-payment. Also, some schemes will have a relatively strong covenant because the buy-back company has a strong balance sheet, while others may face an awkward financial stretch to make their repayment.

Another variation is that some schemes will take longer to pay your tax relief than others, and to complete the sales at the end of five years. Either could lower the effective return you get.

Anthony Yadgaroff, of Best BES Advice, says strength of covenant should be the first consideration, followed by the projected return.

Two other options allow for BES tax relief: trading companies which raise risk finance; and assured tenancy companies, which aim for growth but do not attempt to offer a guarantee.

Rental companies aiming for high growth try to take advantage of the recession by buying properties on the cheap, renovating them, and then letting them. The more squeamish investors might wish to avoid the growing number of companies which specialise in buying repossessed properties at auction.

If you believe that the market for residential property will stage a significant recovery over the next five years, these schemes may make sense. Wells recommends them to clients who have a large portfolio already.

While, generally, he recommends buy-back companies, he adds: "The risk is lower, but I don't think people should be blinded by the 16 per cent rates on offer."

Finally, there are trading companies. These should not really be regarded as items of personal finance at all but as speculations.

Many small companies fail. But if they succeed, you could do very well indeed – for example, present offerings allow you to buy into breweries, lager importers, or film production companies.

Time remains of the essence if you want to invest in the BES. But do not be in so much of a hurry that you do without professional advice. The telephone numbers below should provide some starting points.

- *Best BES Advice magazine publishes full analyses of each BES company (071-409-1111).*
- *BESt Investment provides a similar service (071-936-2037).*
- *Chase De Vere publishes a Growth Assured BES Guide (0800-378-600).*
- *Investment and Tax Publishing Services produces specialist technical guides to the BES and to enterprise zone investments (0234-218740).*

Execution-only dealing is available from:

- *Boyton Financial Services (0787-61919).*
- *Chamberlain De Broe (071-235-5999).*

The offshore way to soften hard Labour

***Philip Coggan** looks at the tax implications*

THE prospect of a Labour government, with plans for tax increases for high earners, must be tempting many readers to move their money offshore. But given that most UK citizens have to declare *all* their worldwide income to the Inland Revenue, what advantages can offshore funds offer to investors who do not want to break the law?

The main advantage is the ability to postpone, rather than avoid, tax. This can be done by "rolling up" rather than repatriating income on an offshore fund. Tax is paid only when the income is actually taken out of the fund.

Essentially, such funds invest in cash deposits. A range of currencies is available but, unless you are likely to face liabilities in a foreign currency (if you plan to emigrate, for example), it is safer to stick to sterling.

Using these funds, it might be possible to "ride through" a high-taxing Labour government and then repatriate the income once a Conservative government returns to power. But the snags with this strategy are that Labour might find some way of imposing tax disadvantages on overseas investment; or, conversely, it might offer tax incentives to domestic investors. Either way, the investor who had moved his money offshore prematurely might regret it.

The second problem is that once Labour is in office, it might be there for some time. Accordingly, investors could face a long wait for their money. Nor is there any guarantee that if Labour raised taxes, a Tory administration would be able to lower them.

For those willing to take the risk and plan for the long term, however, there could be advantages in using the offshore route. They include:

- **Those approaching state retirement age.**

Labour intends to introduce a top rate of tax of 50 per cent. In addition, the upper limit on National Insurance payments will be abolished, effectively adding a further 9 per cent on top; a tax which savers will pay as well in the form of an investment income surcharge. Labour says that those above state pension age will not pay the surcharge, nor will it be paid on the pension income of those who retire early.

'Investors who move money prematurely may end up regretting it'

Nevertheless, there are plenty of people who will be hit by this increase. Many people approaching retirement will have built-up their savings, and those who have retired before 65 (60 for women) will often depend on non-pension savings income for their standard of living.

By investing in a roll-up fund, they can postpone paying tax on such income until state retirement age. At that point, not only will they probably be in a lower tax band but they will not face the surcharge.

The snag, of course, is that many will not be able to afford to postpone their income.

- **Parents investing for children**

The normal scope for parents to give money to their children for investment purposes is limited. If the income from such savings is over £100 a year, it will be taxed as if earned by the parent. But if the money is invested in a roll-up fund, it can be withdrawn after the child is 18. At that point, the child will have his own personal allowance and money from the roll-up fund can be taken as tax-free income.

However, cash funds historically have not been great investments over long periods. If a child is young, it might be that an equity-based investment, while perhaps less tax-efficient, might bring greater total returns.

- **Those moving abroad**

Anyone who knows he will be leaving the UK can build up his savings in a roll-up fund and avoid UK tax. He will, however, face tax payments in his chosen country of residence. Thus, careful advice needs to be taken on the nature of the tax regime in the new country.

There are three leading companies in the field at the moment – N.M. Rothschild, Guinness Flight and Fidelity – and the rates they offer are available each day in the *FT* managed funds pages. Guinness and Fidelity recently have published free guides to the tax advantages of investing offshore. To get them, contact Guinness Flight at Lighterman's Court, 5 Gainsford Street, Tower Bridge, London SE1 2NE; or Fidelity by calling 0800-414-161.

Diary of a Private Investor/**Kevin Goldstein-Jackson**

A Budget to boost Britain

WITH THE Labour and Conservative parties so close in *the opinion polls*, the Budget announced by chancellor Norman Lamont on Tuesday could easily decide the general election. So, what should he do?

As a private investor, I am not exactly enamoured of Labour's proposals to reduce capital gains tax allowances and to tax such gains at 50 per cent – and possibly more. Except for the stupid, capital gains are not "unearned" – it requires time and thought to select investments. Besides which, most people have had to scrimp and save from their incomes so they have some money available to invest. Surely they should be encouraged rather than penalised for not *having spent it all on frivo*lous living.

On the other hand, I fear the Conservatives will succumb to various pressure groups and make changes in inheritance taxation so that even more money can pass, tax-free, to people who have definitely not earned it. If such a change is announced in the Budget, then Labour will seize on it as "evidence" of the Conservatives rewarding the lazy and rich at the expense of the hard-working poor. This could cost the *Tories the election*. In a recession, voters are more concerned with the here and now than what might happen in the hereafter.

In 1990, the then chancellor (and now prime minister), John Major, announced that stamp duty on share transactions would be abolished when Taurus (the City's electronic *share settlement system*) was implemented. This was expected in 1991-92; but as Taurus is still some way in the future, stamp duty should be abolished immediately – not only on share transactions but on everything else (including house purchases) to which it applies. Stamp duty is an unfair tax on investment: it is *incurred regardless of whether* a profit is made. Its end is long overdue.

The taxation system on investments in shares by private individuals should be changed to produce a more level playing field between them and institutional investors; and also to encourage more direct investment in shares, *rather than having* to invest via a personal equity plan or pension fund manager.

A few years ago, under the heading "chargeable assets acquired," there was a section in tax forms where people were expected to list the shares they had bought. A similar section should be reinstated. Peps should be abolished, and people could be given a share allowance of around £10,000 a year. No tax would be required on any gains made from those shares, nor on the gains made from re-investing the proceeds in further share purchases.

Similarly, people should be allowed to set aside an amount equivalent to their pension plan payments which they could invest directly in shares instead. They would pay no tax on any gains from such "pension plan nominated shares." Tax would be payable only when benefits were taken from this self-operated pension plan.

These changes in the tax structure would do much towards shifting the balance of investment away from institutions and back into the direct control of private investors.

To encourage fuel efficiency, the 10 per cent car tax should be abolished on all vehicles

capable of 40 miles a gallon or more. There should be no increase in taxes on petrol as this raises the RPI and causes higher costs for everyone, especially the *lower-paid*.

In the past, the chancellor has indicated that company cars might well attract more tax. He should look at another option instead.

Drivers of these vehicles are more likely to have accidents than other motorists. So, instead of increases in tax on the cars, the chancellor should encourage better driving standards by taxing the actual benefit each driver gets from company-paid insurance. Thus, company car drivers with a poor road record who attract high insurance premiums would be taxed on the direct cost of those – regardless of their salaries.

Rather than reduce income *tax by one penny, the chancel*lor should raise allowances substantially. For example, the single person's allowance should be increased from £3,295 to at least £4,000; other allowances should go up similarly. The chancellor could then boast about removing hundreds of thousands of people from the tax net and a genuine *reduction in taxation on the* lower-paid.

To demonstrate a "caring attitude" and to reduce unemployment, the chancellor should allow people to deduct from tax the cost of employing nannies, home helps and care assistants. This would allow more single parents to return to work, and keep more people out of *hospital. Indeed, it could* well prove much cheaper than paying unemployment and other benefits and costly hospital fees.

To reduce unemployment, increase low-cost housing and show that the government plans for the long term rather than just the period between elections, the chancellor should create an enormous new enterprise zone stretching from east London's Docklands along the river Thames to the Maplin sands at the mouth of the estuary.

No rates would be paid for 25 years within that area – provided that many thousands of attractively-designed, low-cost houses also were built. This would enable a new, 24-hour international airport to be built on the sands (thus relieving the noise problems at existing airports). It would also *allow a new theme park to be* constructed to rival Euro-Disney; this would attract billions in foreign currency.

There also would be encouragement for new, modern factories and other industries although, unlike Docklands, the roads and fast rail networks should be planned first.

To discourage smoking, the *chancellor could put a further* 20p tax on a packet of cigarettes. Alcohol tax could be increased, perhaps with as much as 5p a pint on beer.

In his last Budget, the chancellor taxed one of his personal annoyances – mobile telephones. Perhaps this year he might impose a hefty tax on large, noisy dogs (small, quiet dogs *would* be exempt) and a tax on pipe addicts who insist on smoking in public rather than confining their foul-smelling activities to their own homes.

Such a Budget would significantly encourage private investors, considerably assist the lower-paid, help to reduce unemployment, and show that the government has long-term plans.

Housing: good and bad

IS THERE a ray of sunshine in the housing market? National Westminster Bank believes so. It says estate agents have indicated an increase in activity and a rise in mortgage applications in the first two months of 1992.

The hard news from the market is still bad. This week, two house price indices showed that prices are falling steeply.

Nationwide's index revealed a 1.2 per cent fall in February and an overall drop of 4.1 per cent since February 1991. Halifax came up with a drop of 1.1 per cent in February and 4.3 *per cent in the past year*.

Halifax agrees there are some signs of a revival – it would be surprising if there were not, with the temporary cut in stamp duty and the January cut in mortgage rates – and says it is now expecting small rises in house prices by the second half of 1992.

Abbey National's chief executive, Peter Birch, says he thinks the worst of the depression in the housing market is over. He concedes, *however*, that repossessions will remain high throughout this year and probably 1993, and that this will dampen the market.

While everyone is casting around for good news, any stirrings must be seen in context. There has been a 3.5 per cent drop in prices since November, according to Halifax.

If lenders and the government had not stepped in, however, this monthly trend could have marked the beginning of a much more serious drop. And John Wriglesworth, an analyst at UBS Phillips & Drew, says none of the remedies tried so *far* will be enough to enliven the market.

There is another option, though: increase MIRAS (mortgage interest relief at source).

In December, the Council of Mortgage Lenders put a scheme to the government which would "front-load" tax relief. Under its provisions, first-time buyers would be allowed to claim relief on loans up to £60,000 instead of the present £30,000, but only for a limited period.

On Tuesday, we will know if the chancellor *has been* swayed by their arguments.

David Barchard

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Co-Operative Bank	Pathfinder	0800 616162	Instant	£1	10.00%	Mly
Northern Rock BS	Postal Acc	091 285 7191	Instant	£2,000	11.00%	Yly
				£20,000	11.50%	Yly
Leeds & Holbeck BS	Albion Postal A/c	0532 438292	Instant	£50,000	11.60%	Yly
Allied Trust Bank	2 Mth Notice A/c	071 626 0879	2 Month	£2,001	11.46%	Yly
Birmingham Midshires BS	*First Class*	0902 710710	90 Day	£100,000	11.70%	Yly
Nationwide BS	Capital Bond	0793 694465	2 Year	£10,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	12.50%	Yly
Stroud & Swindon BS		*0453 757011*	5 Year	£100	12.50%	Yly
Exeter Bank		0392 50635	5 Year	£250	12.00%	Qly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	*£10,000*	*10.00%*	*Yly*
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	11.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£50,000	10.75%	½Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£25,000	10.85%	Yly
				£50,000	11.35%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.65%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.70%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.75%	Yly
Canada Life FN		0707 51122	3 Year	£80,000	8.80%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.75%	Yly
Aetna FN		0800 010575	5 Year	£50,000	9.05%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.5%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	38th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross.
Fixed = Fixed Rate (All other rates are variable) OM = interest paid on maturity. N = Net Rate. B = Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsharns House, Stalham, Norwich. Readers can obtain a complimentary copy by phoning 0692 [illegible].

Now unitholders will get 'perks'

SHAREHOLDERS have long enjoyed "perks" *offered by the companies* in which they invest, but unitholders have been poor cousins until recently.

Unit trusts invest in a wide range of companies – the average per trust is probably 60 to 80 – but they are regarded as institutional shareholders. Companies traditionally have reserved their perks for direct private investors.

But Barclays Unicorn, the fund management subsidiary of Barclays Bank, has persuaded seven companies that *offer perks to extend these to* its unitholders. The Unit Trust Association calls the move a "very nice innovation."

The companies include Friendly Hotels plc, which is offering a 10 per cent discount on accommodation and 5 per cent off functions held at these hotels (which include the New Connaught Rooms in London's Covent Garden); and BET, which provides support services to the travel industry and is offering Unicorn unitholders "a selection of special holiday packages in exotic locations."

The idea grew out of a deal done 10 years ago between Unicorn and Trafalgar House, parent of the Cunard shipping line, under which Trafalgar extended its shareholders' discount on some Cunard cruises to Unicorn unitholders.

Unicorn decided an extension was needed and David Chapman, the product manager, says: "We approached about 40 companies which provided benefits to shareholders and began negotiating."

The perks apply to all Unicorn's unitholders, regardless *of which unit trust holds the* investment. Thus, a unitholder in Unicorn's Japan funds is entitled to the discounts, offered by UK companies. "We've taken everyone on our registers at the beginning of January and extended the benefits to them," said Chapman. "That's 160,000 potential customers for the companies."

Scheherazade Daneshkhu

11·5%

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- **Everyone gets gross interest automatically – no tax taken off first**
- **Non-taxpayers keep all the interest**
- **Absolute security**

Capital Bonds are sold subject to the terms of the prospectus. Please note that your application can only be accepted if the Series you ask for is on sale when we receive it. Once we have accepted your application we will send you your Capital Bond together with a copy of the prospectus. We will send them to you within 14 days. The purchase date will be the date we receive your application. If on receiving the Bond and the prospectus you wish to cancel your purchase tell us in writing within 28 days, and we will refund your money (but please note that no interest is payable on a cancelled purchase).
To get the full return, you have to hold Capital Bonds for the full 5 years. If you want repayment earlier, after the 28 days cancellation period, you must give us 3 months notice. Lower rates of return are paid on early repayment. No interest is payable in the first year, thereafter the rates will be as specified in the prospectus.

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If, before applying, you would like more information or a prospectus, phone us free on 0800 868 700 from 9am until 9pm on weekdays and from 9am to 4.30pm at weekends. Or buy Capital Bonds at your post office, where you can also get a prospectus.

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Please use CAPITAL letters

3 M ______ Surname ______
(Mr Mrs Miss Ms)
All forenames ______

Address ______

______ Postcode ______

Date of birth *(Essential if under 7)* Day ___ Month ___ Year ___

4 Signature ______

Date ______ Daytime telephone number *(useful if there is a query)* ______

This form cannot be used to purchase a Bond at a post office

The tangy scent of hand-made success

***Nick Garnett** on a company which works hard to preserve its image*

A BOUQUET of interesting niffs assaults the nostrils of anyone venturing deep into the countryside. The smell of newly-mown crops, the tang of silage, the pong of manure generated by Britain's 190m farm animals.

At the back of the high street in the Wiltshire village of Sherston the whiffs are of something different. Garlic, fresh onion, fenugreek. "If I'm not mistaken, that's barbecue sauce," says William Tullberg.

Since messing about in his kitchen making a home-brew mustard 21 years ago, Tullberg has built one those tiny family-owned food companies that dot the British employment landscape. It has not scaled the heights of Baxters, the much older Scottish soup and condiment maker, but Wiltshire Tracklements cooked up turnover last year of £503,000, supporting four members of the family and a 14 full and part-time staff.

Wiltshire Tracklements offers that ideal combination of whirring machinery and the *Good Life*. A door leads straight from the factory to the Tullbergs' own kitchen, at the other end of which is a vista of the river Avon and the rolling edges of the Cotswolds.

Since 1988 yearly sales have leapt 125 per cent. "The jump has been caused by being fashionable," says Jennifer Tullberg, company secretary and William's wife. "A lot of other companies went quite big last year and then went under, so we picked up part of their business too."

The "tracklements" (a regional word for a food accompaniment) includes 14 types of mustard, Cumberland sauce (port, oranges, redcurrant juice), mince meat with calvados and apple and sage jelly. They all come in small jars with highly distinctive labelling, retailing at up to £1.50 each and selling in around 300 delis, greengrocers and butchers as well as in Harrods and at the Royal Horticultural Society at Wisley. Mustards still make up 45 per cent of sales.

The Tullbergs purchased the one acre site in Sherston seven years ago for £70,000, spending a further £100,000 on it. The site includes a shop which adds £12,000 a year to sales, a house and the tiny factory that was once a bakery. Apart from horseradish whose cream requires a preservative, the company's products are additive-free. Unlike many condiment makers the company feeds spices like black peppercorns and chillies into the mustard seed grinding process (rather than later) to preserve oils and flavour, uses cider and wine vinegar rather than cheaper malt vinegar, buys whole, frozen herbs and not powdered, and does not add water to gain bulk.

The production unit incorporates some dinky equipment. A grinding machine pulverises the locally-grown yellow mustard seed and the black seed from Canada. A whirling apparatus shreds onions while another tool mixes pectin, an apple derivative used to set jellies. Four waist-high boiling vats produce the final mixtures, concoctions stirred by plastic paddles. A jar-filling apparatus, a vacuumpacker bought for £35,000 and a £6,000 second-hand labelling machine rub shoulders with plastic tubs holding turmeric, juniper berries and almonds.

Some 60 per cent of Wiltshire Tracklements' sales are from own-label products, most of the rest sold under other labels like elderberry wine jelly for the National Trust and grapefruit marmalade sold by Stonham. A small element of sales derive from chutneys imported from India. Tullberg, a food industry manager before going it alone, says exports account for almost a fifth of sales. The company has got this without trying much. A Spanish agent approached the Tullbergs at a food show in London and an Australian, on the look out for unusual products for her homeland, spotted the Wiltshire Tracklements label in Harrods. Tullberg has just visited the US on a sales trip.

The company makes a net return of about 10 per cent though its pre-tax profits are only £5,000. "We are loading up our pensions and that sort of thing," says Tullberg. William and Jennifer take out yearly salaries of £18,000 between them and their son, Guy, who runs the factory £14,000.

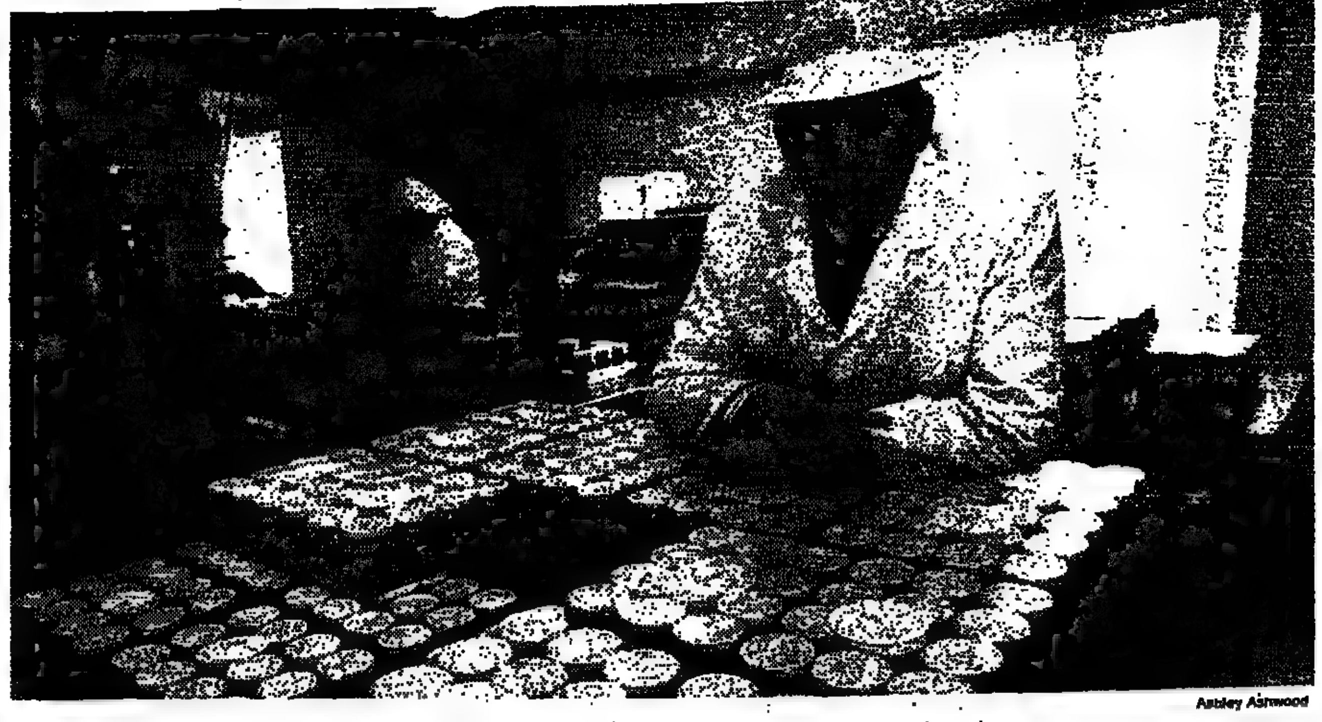
Many small food companies eventually ponder the problem of whether to supply supermarket chains when they come knocking. Waitrose, Fine Fare and Tesco all approached Wiltshire Tracklements though Tesco's price requirements were so tough the Tullbergs could not match them and still make their present rate of profit. Tullberg says flogging his own brand products to supermarkets could cripple Wiltshire Tracklements' product image. "That does not debar us from producing for a supermarket's own label. I would not like to do that though unless it was a manageable percentage of what we could cope with if we suddenly lost that business. I would put that manageable percentage at ten per cent." The company is moving soon to a larger site which will triple potential production capacity.

With so many relatively small outlets, transport takes some organising, swallowing up ten per cent of business costs. The company has a 1.5 tonne van for deliveries which makes at least one trip a month to London, Tullberg and managing director John Wilkins do some of the driving.

The Tullbergs say they are determined not to compromise their "hand-made" production system even if output grows. Expansion raises the issue of financing. Tullberg says the company's biggest headache is cash flow. The delay between buying raw materials to receiving payments for deliveries ranges between two and three and a half months. The company taps into a £40,000 overdraft to fund this.

"We are confident that if we grow at no more than 20 per cent a year we won't have to change our habits drastically nor need much outside finance," Tullberg says. "We also believe there is enough in the market to allow us to do that without too much recourse to direct selling to supermarkets."

■ *The Wiltshire Tracklement Co, 38, High St, Sherston, Malmesbury, Wilts, SN16 0LQ. Tel: 0666-840851.*



Ashley Ashwood

Recipe for success: William Tullberg keeps his tracklements upmarket

Cleaning up on the high seas

***Keith Wheatley** meets a businessman who has always been sensitive to the environment*

PAUL DE LA PENA's experience may be typical of the British small businessman. "All my working life we've been in a boom or a recession," he says.

Chairman and owner of the company that bears his name, de la Pena's response has been atypical. Rather than dash for growth which becomes contraction a year or two later, his dlP Group has looked for areas that will give it 10 to 15 years' solid expansion in its field of industrial oils and allied services.

The company employs 52, with a £3.8m turnover in 1991. Since 1960 de la Pena, who is 61, has had to refocus it into new areas three times. Its latest production venture is penaMarine: environmentally-friendly cleaning and maintenance fluids for international shipping; everything a modern merchant ship needs to keep its decks, bilges and tanks gleaming. A successful spin-off has been an identical product, consumer-packaged for the environmentally-conscious leisure boat-user, launched recently at the London Boat Show.

With the world's oceans increasingly patrolled by groups such as Friends of the Earth, Rod Wood, dlP's managing director, says that chucking chemicals over the side of a ship is a vanishing practice. Companies such as BP and Shell will now only buy "green" products for shipboard use.

The key to de la Pena's products is the absence of any petrochemical element. The solvent is a substance called dillimonene, found abundantly in citrus waste from oranges, lemons and grapefruit which have been crushed for their juice. (It even smells naturally nice.)

"In my last year at university we had environmental chemistry," says Wood. "That was in 1971, and until about 18 months ago no one had done anything with knowledge which had been around for 20 years. The science was there, but it had to wait for opinion to come round and create a market."

Paul de la Pena, son of a Cheltenham engineering family, was an environmentalist before the phrase existed. "The workshop environment was awful when I served my apprenticeship," he says. "Floors black and slippy, globules of oil on the beams. I could never understand why offices which didn't need cleaning were cleaned every night, but never the machine shops."

When the early 1960s slump hit sales of the machine tools he was importing from Italy, de la Pena decided that selling consumables such as cutting fluids was more sensible. When the norm in UK industry was still neat oil costing three shillings a gallon, de la Pena began importing a US emulsified product, easily cleaned, at 27 shillings.

"Buyers would invite me in just to see if this twit had two heads," he recalls. "I used to pour the oil on to my suit in front of the boss, just to show what it could do for cleanliness. In a small way we spearheaded the change, making the machine shop as clean and effective as the boardroom."

The oil sold well, but being a "niche" player was tough going against the resources of, say, Castrol or Mobil. By the late 1960s de la Pena was thinking about the possibilities of recycling oil from machine sumps.

The upshot was a rugged industrial vacuum cleaner, brand-named Freddie. Rod Wood says: "Every blue-chip engineering company now uses a Freddie; it's become a mature market, although exports are growing well." The company concedes that, from a strictly commercial perspective, the powerful, ugly Freddie is perhaps over-engineered. "The philosophy of the company is to build a long-life product that can stand being rammed by a fork-lift truck and come out alive," adds Wood.

"We only come this way once. Whatever we make has got to last," says de la Pena. The Freddies cost slightly over £3,000 per unit. Last year the group sold about 100 in the UK, with a further 136 exported – primarily to France and Germany but with the US market growing quickly.

Hard work could maintain volume, but the specialist oils business seemed to have little room for growth. In 1991 the de la Pena group identified the marine cleanser market, when two other companies bowed out, leaving the field clear for an intended worldwide duopoly between Unitor and Drew, the giant chemicals companies.

"We have the technology already; it's a question of distribution and specialising. The worldwide market is worth £40m a year, and we are looking for about £10m of that within a couple of years," says Wood.

He expects to see a 1992 turnover of about £700,000 for penaMarine – from zero six months ago. "It takes time to gain credibility with the major owners, but we're being asked to tender for some big contracts. We're already a credible alternative to the two huge suppliers."

On the wall of the group's main factory in Pershore, Worcestershire, is a motto put there by Paul de la Pena 20 years ago: "Today's guardian of Tomorrow's world."

"I'm really excited by penaMarine," he says. "The real advantage of starting with nothing is that you've got nothing to lose."

■ *de la Pena Group, Racecourse Road, Pershore, Worcester. Tel: 0386-554441 Fax: 0386-556443*

My house will be our house

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE HOUSE my husband and I live in is in my name only. It is a freehold property, value approximately £200,000, registered with the Land Registry and we purchased it in October 1987. There is a mortgage of £30,000 on it with the Halifax Building Society.

We would like to transfer the title into our joint names. There would be no transfer of money. This would be a true joint ownership where the property transfers to the survivor if one party dies ie: not the tenancy in common type.

What would be involved in doing this? Could we do it ourselves, without using a solicitor? Would the building society insist on also transfering the mortgage to joint names? What would this involve? How much would this cost?

■ You can carry out the work yourself; the cost would be the registration fees if the property is registered land (ie. the title is registered at H M Land Registry). You would need to execute a transfer into joint names and lodge it at the registry for registration. If you transfer the legal estate in this way the mortgagee will require the creation of a fresh charge and the issue of a new charge certificate. The cost, using a solicitor approved by the building society, should not exceed £200 if there is no further complication in the conveyancing, but you should ask the solicitor to give you a figure in advance of employing him.

Avoiding a will

A WIDOW owns her home valued at £80,000 which is registered in her sole name. She also has about £30,000 in bank and building society accounts also in her sole name.

She has made a will leaving the house and contents to her unmarried son who has is a life-long resident in the house and leaving the other assets to her married daughter.

However, the widow has been advised that, as there is no inheritance tax liability, she could simplify the on-death position by re-registering the house into a joint tenancy with her son and transferring the bank and building society accounts into joint accounts on a survivor basis with her daughter. This, she has been told, would mean that on her death the house would automatically and immediately become the sole property of the son, and the bank and building society accounts would similarly become the property of the daughter, thereby avoiding any need for proving the will or of any probate necessity.

Is this sound and legally permissible?

■ The course which has been suggested is permissible and would render probate unnecessary without altering the position of there being no liability of Inheritance Tax, always assuming that the valuation of the house is more or less correct and that there is no marked increase in its value before the death of the mother. It would be wise to ensure that there is a record of there being a gift to the daughter of a beneficial interest in the bank and building society accounts.

Responsibility for bomb sites

I LIVE in a terraced house which is adjacent to the site of houses destroyed in the war. This land belongs to the London Borough of Southwark and has for many years been left as a wilderness. In 1975, the council erected a chicken-wire fence along the boundary of my front and back gardens. The fence is now collapsing into my garden. After a long series of complaints to the council, the land was cleared but the fence was not renewed. My deeds are silent as to the ownership of the fence.

This land is open to the street and thus I have a security problem. Also, if the land is not kept cleared the problem will recur of vegetation and seedling trees growing into the fabric of my house (which forms the boundary along its side wall), damaging any replacement fence and blocking the light. There is also the sheer unsightliness of the site and the fence.

Can I compel the council to replace the fence and/or keep the site in reasonable order?

■ You cannot compel the council to fence the site or to maintain the fence, but you would be entitled to erect a fence at your own expense.

TRAVEL

The pharaonic splendours of old Thailand

Justin Wintle rediscovers a gaudy oriental opulence

THAILAND'S principal historic sites – some of them ruins, some of them living temples – deserve to be seen. One of the most rewarding one-day excursions out of Bangkok is a trip to Ayuddhya, the capital of ancient Siam.

Although there are numerous tour companies that will coach you there and back, the superior way is to do the return leg by boat along the Chao Phraya river, by preference on the *Oriental Queen I* or the *Oriental Queen II*, owned by the Oriental Hotel and equipped with guides from the World Travel Service, the oldest, largest and most efficient of Bangkok's many tour operators.

A genuinely lavish on-board buffet luncheon is served, and the cruise includes an additional stop at Bang Pa-In: a 19th century summer palace built by Rama V and Rama VI. Although its mixture of Thai, classical, Italian, Chinese and even English buildings, reflecting the Chakri dynasty's desire to propel Siam on to the world stage, is not entirely successful, it has some pretty lakes that confer upon it the air of a tropical Marienbad.

Ayuddhya, by contrast, is where the Thai nation really took off. Seventy kilometres to the north of Bangkok, it was built on an island chosen by its founder, King Ramathibodi, for the leverage it gave him over the whole of the Menam basin. That was in 1350, during the final eclipse of the Khmer kingdom of Angkhor.

Unlike previous Thai princes, the rulers of Ayuddhya made no bones about their pretentions to power. Carrying with them the full weight of Buddhist ritual, they set themselves up as gods. Their subjects were expected always to present their backs to them whenever they chose to leave the palace, and audiences were conducted in an elaborate throne-hall in which the throne, panoplied in gold, was raised many feet, so that the king appeared mystically, as though floating on a cloud.

To enhance their divine status, the Ayuddhya kings developed a city to match, in which palaces mingled promiscuously with temples, proclaiming the true nature of the medieval polity. And it worked.

Always cosmopolitan, Ayuddhya in time became a genuinely international inland port, a "strong great city, seated upon an island round which flowed a river three times the size of the Seine", as the Abbé de Choisy wrote in the 17th century. "There rode ships from France, England, Holland, China and Japan, while innumerable boats and gilded barges rowed by 60 men plied to and fro."

Yet Ayuddhya was eventually strangled by its own pomp. As the Abbé also observed, watching a royal procession, "I feel that Pharaoh on the banks of the Nile used to parade in the same splendour." The kings became progressively more remote from their subjects, and the kingdom was enfeebled by scheming courtiers until, in 1767, the city was sacked by a Burmese army.

Ayuddhya was destroyed. The predominantly wooden buildings were burned to the ground, while much of the stone of the palaces and temples was later removed. Not very much remains. In the centre of the city three great bell-shaped stupas, or *chedi*, still stand, joined in line like the superstructure of some unfathomable alien battleship. These, along with other stupas, are what visitors are taken to see.

Around the ruins of Ayuddhya a new, sprawling 20th century town is growing, the effect of which does not entice. In marked contrast is the site of the older city of Sukhothai, 450 kms north-west of Bangkok, the whole of which has been preserved from encroachment. Again, not many of the buildings have survived, but what has been created is an enormous and bewilderingly peaceful park, with bicycles for hire at the main entrance.

Sukhothai's name means "Dawn of Happiness." In its time it was an important city, and other cities near it were held in vassalage. But it was never more than the centre of one kingdom among several in the Menam basin. Surviving inscriptions also indicate a less stratified society than the one that evolved at Ayuddhya. The kings, far from being demi-gods, were humans who took an active role in the daily running of affairs, and at least one of them held court in a sugar-plum grove, where, on the sabbath, Buddhist monks intoned the Law.

An official and slightly lavish pictorial brochure tells the visitor that a joint Thai-UNESCO restoration programme "will protect a fine example of the cultural heritage of all mankind." That is propaganda, yet Sukhothai is innately, if demurely, spectacular.

A model reconstruction shows that the medieval city, unlike too many of its counterparts, was meticulously planned. Founded during the 13th century on both sides of the Yom river, its triple rampart walls defined a rectangular area measuring 2 kms by 1½, traversed in both directions by a grid of roads and canals. Inside, as well as scores of temples and public buildings, were foundries, kilns, lakes and granaries, as well as orchards and fields. Under siege, Sukhothai was self-sufficient beyond the patience of most hostile armies.

The model demonstrates the Thais' ability to plan to scale. On the site itself, as at Ayuddhya, it is mainly the stupas that have survived, Hindu as well as Buddhist, along with the bases and pillars of the prayer-halls and ordination rooms, and, most dramatically, some arresting Buddha images.

Decor from a Buddhist temple: "Images relatively unscathed by the ravages of time create an awesome visual poetry"

These latter, either seated or standing, and relatively unscathed by the ravages of time, stare impassively across and through the ruins, creating an awesome visual poetry. Even so, the ruins themselves provide an equal insight into Thai culture and the Thai mind. Although stonework abounds, much of what survives is laterite, bricks made of small stones mixed with clay which hardened in the sun. These structures were then covered with a stucco made from sand, sugar-cane juice, water and even insects, producing the receptive smooth surfaces onto which gold and other brilliant colours could be applied.

It is precisely this, the penchant for brilliant surfaces, combined with forms that are more feminine than those generally found in western architecture and decoration, that defines the almost gaudy oriental opulence that is synonymous with Thailand, and the continuity of its culture.

For while the stucco has largely vanished from Ayuddhya and Sukhothai, in Bangkok itself it is wonderfully preserved, in the great buildings of the old quarter: the Grand Palace, the Golden Mount and a dozen glittering temples, among them Wat Po, Wat Phra Kaeo and Wat Benchamabophit.

■ **Transport:** Most major airlines fly to Bangkok. The national carrier, Thai International, is recommended: as well as in-flight orchids, it offers a range of packages and incentive schemes and a good network of domestic flights. Bangkok Airways services Samui, Hua Hin and Phuket. In general, roads are good and air-conditioned coaches preferable to the Thai railway system.

■ **Tour operators:** Of Thailand's many tour companies, World Travel Service is in a class of its own, both for group packages and individual itineraries. Head office: 1053 Charoen Krung Road, Bangkok 10500. Tel: 233-5900.

■ **Health:** AIDS is endemic. Anti-malaria courses are advised for anyone travelling outside the main cities. Before going, consult a doctor about cholera, typhoid and polio, and insist he gives you a shot of gamma globulin (anti-hepatitis).

■ **Accommodation:** London reps: Axis, tel: 071-706-2220; Mandarin Oriental, 071-537-2988; Shangri-La International, 081-747-8485; Khun Akorn, 071-225-2688; Utell International, 081-995-8211. In all other cases contact the Tourism Authority of Thailand, 071-499-7679.

Busy doing nothing . . .

A remote and unusual retreat in the British Virgin Islands

ONE SHOULD not, as a rule, write articles about paradise hideaways, reports Alan Friedman from New York. Write about such a place and before long it will be no more, or will have lost the anonymity that made it so attractive in the first place.

Never mind. One's sense of duty to *Weekend FT* readers calls for full disclosure of an unusual Caribbean retreat.

The Sandcastle, as its Chicago-born proprietor, Darryl Sanderson, is quick to note, is not for everyone. It is a tiny hotel located on the pristine White Bay beach of Jost Van Dyke, a four-mile-long island that is part of the British Virgin Islands (BVI) and can be reached only by private yacht or by taking the 20-minute ferry ride from Tortola, the capital of the BVI.

Arrival at Jost Van Dyke requires one to clamber into an inflatable dinghy that covers the 30-ft distance to shore, where, trousers rolled high, one leaps into the shallow water and ambles up the beach. From then on, formal attire ranges from swimwear to shorts and T-shirts. Shoes are optional.

Sandcastle consists of four octangular wooden cottages, each with double-bed, an assortment of bad novels and a bathroom, set amid the hibiscus and palm trees that grow along a half-mile stretch of white coral beach. With only four cottages and a staff of five, the service is not bad. Nor is the food, which includes fresh flying fish, grouper and other local fare plus a wine list that is quite respectable.

The cottages, which cost $295 (£168.50) a night for two, three meals a day included, do not have electricity. Instead, one learns to work propane burners and to make use of the sort of lavatory normally found on a boat.

The principal activity at Sandcastle is – nothing. There are windsurfing boards and snorkeling gear available, and scuba diving or day-sailing can be arranged. But the best parts of this hideaway are the large hammocks strung between palm trees on the beach, and the Soggy Dollar Bar, a little beach area that is patronised by visiting yachtsmen who sail into the bay and drop anchor.

The Soggy Dollar is a significant feature of Sandcastle, mainly because it claims to be the birthplace of The Painkiller, a concoction of Pusser's Rum, orange and pineapple juices, coconut cream and a smattering of grated nutmeg. It is advisable to wait at least an hour after breakfast before ordering your first Painkiller of the day. As the 85°F winter weather and a gentle breeze persist throughout the day, Painkillers tend to distract you from all manner of intended serious reading.

Sandcastle is comfortable enough, but not recommended unless you are prepared for splendid isolation. If you want the ultimate in luxury, better investigate Richard Branson's Necker Island, a more expensive neighbouring member of the BVI chain.

If you simply wish to get far away from newspapers filled with endless reports of BCCI, Boris Yeltsin and Robert Maxwell, try Sandcastle. It would be best, however, to visit it within the next 12-18 months. Darryl Sanderson says electricity may soon be installed, plus roads and telephones and all of that.

■ *Sandcastle has only one portable cellular phone, for emergencies. If you want information, leave a message with Darryl Sanderson's answering service on 0101-809-775-5262.*

Go home to a real fire

BATTERED by the north Wales elements, the temperature in the great hall of Plas Uchaf, a 15th century manor house, hovered just above freezing until the electricity finally gave up the ghost, writes Tim Burt.

Manweb the electrician, summoned from Wrexham by Jones the caretaker, restored the power after seven hours with a fuse the size of a shotgun cartridge.

Clearly, he thought it amazing that people paid good money to shiver in a building not much modernised since the 1400s. Then, as now, the centrepiece of the heating system was a hearth large enough to spit-roast an ox. Today, visitors huddle by the fire just as the Barons of Cymmer did several centuries ago.

The barons earned a tidy sum living at Plas Uchaf, from where they are thought to have taxed the local peasants and farmed the meadows in the Dee valley. Since then their ancestral home has changed hands frequently: housing farmers, tailors, gamekeepers and even hosting religious services before falling into disrepair and neglect in the 1960s.

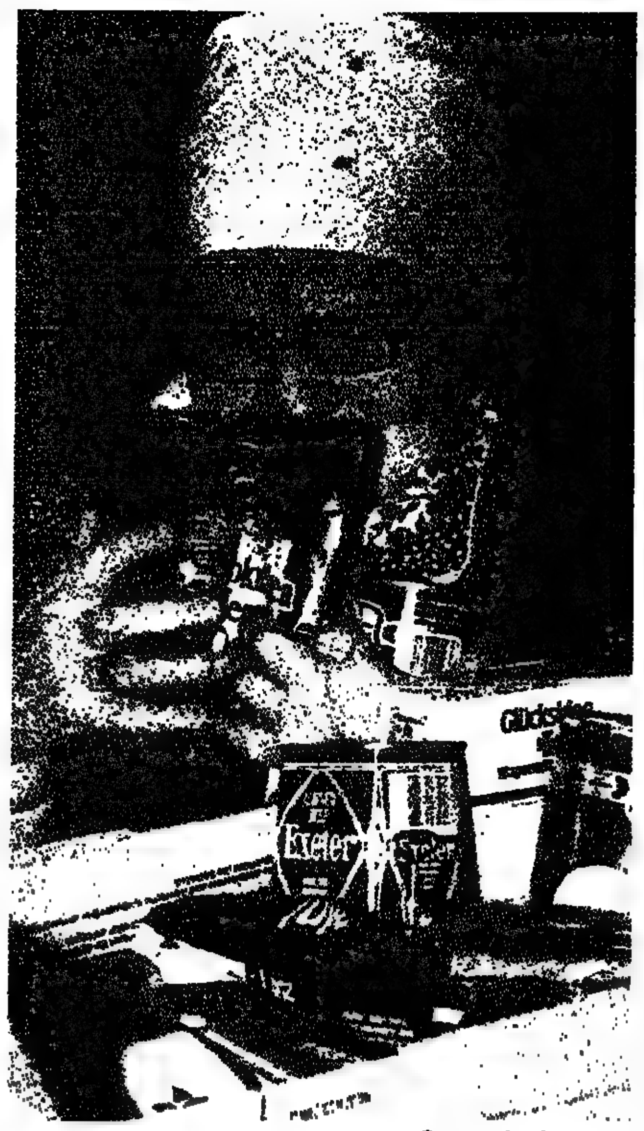
Now it is a moneyspinner again, for it is leased by the local council to the Landmark Trust, the charity which rescues and restores historic buildings. Plas Uchaf is one of 150 buildings saved by the trust, which rents everything from castles to pigsties at rates up to £1,500 a week.

Plas Uchaf is a spectacular example. Unprepossessing from the outside, it conceals a vaulted chamber with a unique hammer beam roof and weathered aisle trusses. But like many of the trust's properties, preservation of the old does not allow for modern conveniences such as central heating.

In winter, residents must be able to endure some fairly Arctic conditions in exchange for a medieval atmosphere. In spring – presumably – it gets better.

■ *The Landmark Trust, Shottesbrooke, Maidenhead, Berkshire, tel: 062-882-5925. Plas Uchaf, sleeping five, costs from £192 per weekend to £555 per week in peak season.*

Where have all the roubles gone?



Tears as a St Petersburg woman opens a German food parcel

Jack Chisholm on the second siege of Leningrad-St Petersburg

PERESTROIKA began as a quiet revolution and turned into an undeclared war, the war of Russian society in transition. It is a battle of individual struggles for a "normal life," fought in city streets and in markets, in shops and in the countryside.

It is a conflict in which the strong claw their way upward and the weak go to the wall. Take, for example, my friend the general. Five years ago, when red flags fluttered proudly over the Leningrad Soviet and party headquarters at Smolni, he was at the height of his powers.

You would see his car escorted through the city streets. There were aides, power, influence. Members of the *nomenklatura* gathered at his apartment or government *dacha* for elaborate banquets or discreet suppers. I knew many of the guests and knew, too, that many were corrupt. I shed no tears for them now. The general was different. I have seldom met a man so honest and we became friends.

Now in retirement, he is one of "yesterday's men," desperately worried about the future of his young son who begins school this year. His monthly R620 rouble pension is insufficient for bare necessities and what work is there in contemporary Russia for retired generals? They are two a penny, like the grand dukes who drove Parisian taxis.

His wife is working through her modest wardrobe, selling clothes she can do without in commercial shops and buying food with the proceeds. The general goes to market, taking vodka bought with his monthly ration card, trading the precious bottle for a kilo of meat. He drives a decrepit, ten-year-old car and picks up fare-paying passengers to pay the petrol. If car, fridge or freezer break down, there is money for repairs.

Someone comes to the door to ask whether the couple have a young child, returning shortly afterwards with a welcome German aid package. My friends laugh when they see the parcel has been rifled, the coffee and chocolate removed. "It is probably on sale down the road. Never mind, we can use the rest."

It is hard not to feel embarrassment when old friends are so happy with so little: a few packets of flour, pasta, margarine, muesli and sausages. The general is strong and still healthy. He wants to work but plans have come to nothing and he retains his pride. "I was offered a job as master carpenter in the *gulag*. You understand why I could not take it, don't you?"

When the (Great Patriotic) war broke out in 1941 Svetlana was 18 and living on the Polish border. For months she walked east, several thousand miles to safety across the Urals, then fate brought her back to factory work in Leningrad and the famous 900-day siege. Now nearly 70, and looking much older, she supplements her meagre pension in a restaurant cloakroom. Her face twists into a bitter smile as she contrasts the war years with contemporary St Petersburg.

"During the Blockade there was nothing but hope. Then, we worked together for common goals. Now we are divided, people think only of themselves. It is worse, much worse, for even hope has gone." Had she seen any western aid?

"No, though I would not be ashamed to take it, even from the Germans."

Many residents share her gloomy outlook, trudging wearily through the slush on futile searches for food they can afford. A large state grocery had cabbage, onions, beets, withered apples and unidentifiable root vegetables. No potatoes. The nearby butchers had meat (largely bone) at R80 (40p) a kilo and fatty sausage for R90.

Desperation can lead even the formerly honest into petty, or even violent crime. Comparisons with the Blockade are inevitable. St Petersburg is again a city where you can be robbed for a warm jacket or a pair of boots and General Arkadi Kramarev, the police chief, says crime rates are rocketing. Indeed it is the city's major growth industry and a recent report claims there is one murder in Russia every 22 minutes.

Another old friend, Sergei, is director of a state organisation. He invited me to lunch with wife Maria and son Maxim. Maria, an engineer in her mid-30s, has aged a decade since we met last year and her tone of voice approaches hysteria as she talks about prices. "Maxim keeps growing and is always hungry. Every rouble we have goes on food and he always wants more."

We eat pickled vegetables, potatoes, soup and expensive chicken. They grew nearly everything at their *dacha* and Sergei says it is the same all over Petersburg. "We still have food reserves from last year but they will only last for a month or two. My colleagues in Moscow believe Yeltsin will be thrown out soon, even though there is no one else. He and mayor Sobchak have failed to deliver. There is no power, no authority, all our institutions are talking shops and, like Yeltsin, they achieve exactly nothing. The situation grows worse by the day."

I take the metro from Sergei's small, though comfortable apartment off Moscow Prospect and walk through the filthy streets around Peace Square station, where an impromptu market has resisted all attempts by the mayor to close it down. I have rarely seen such desperate poverty, such miserable degradation even in Africa or the Middle East, and this is the second city of Russia.

I dared not use a camera and indeed it would take a Hogarth, Goya or Hieronymus Bosch to depict this desolate "market" where some 5,000 people were buying and selling everything from new clothes to worn out slippers. Alcoholics had brought whatever they had picked up at home after their wives had gone to work, anything which would bring the price of the next bottle. Thieves displayed whatever they had stolen the previous night.

The term market conjures up visions of neat stalls and well-displayed products. There were few stalls and Peace Square was ankle-deep in a mixture of slush and black mud. Those with little to sell stood in lines hundreds long, holding out ration cards, tins of sprats, cans of the western dried milk issued to St Petersburg's children, a rusty tap or a handful of nails. Some were relatively well-dressed, middle aged women, faces pinched by the cold, simultaneously showing shame and pride, proffering garments from their personal wardrobes.

Others displayed their wares on sheets of newspaper atop pieces of scrapwood to prevent them sinking into the mud: a single axe with a crude handle, used light bulbs, military decorations, worn fur hats or broken household fittings. Near the station, traders walked around with placards reading: Money changed. Russian or foreign. Drunks slumped against the walls. Everything and everyone is for sale.

Western food aid is coming in. Suddenly there are long queues outside state butcher shops (I counted 120 people waiting near one meat store close to Liteini Prospect). They sell European Community meat for R50 a kilo "and it has no bones and almost no fat," exclaimed one excited customer. There is butter too. Yes, some aid is getting through – but not all. A Novgorod paediatrician, close to tears, told me her children's hospital had received cartons of German baby food and medical supplies. "A senior nurse appropriated the lot and sold it to racketeers. And our children really need it."

Barter is a way of life, especially as a new shortage has developed. Unbelievably, there are *no* roubles. Banks are closing their doors, people are not receiving salaries, western business organisations are going crazy trying to find money to pay local staff and the black market rate has plummeted below the official R100 to the dollar. In January, you could buy R130 for $1 on the street, now the touts are offering R80 or even R50. "Where," I ask the businessmen, the touts, the police, the banks, "have all the roubles gone?"

Inevitably, I receive the same reply, a shrug of the shoulders: "We do not know. It is just another of our great Russian mysteries."

Angela checks the cheap but cheerful

Jancis Robinson meets a unique exporter from Britain

Trevor Humphries

Angela Muir: she may turn out to be the saviour of the Czech wine industry

A BRITISH wine merchant arrived to buy wine at a large French winery. The staff lolled around smoking. The welcome was offhand. The merchant was underwhelmed. Until he mentioned who had sent him.

Gitanes were hurriedly stubbed out, the workers set to like the busiest of bees and a superior echelon of eager management appeared as if by magic. The name capable of galvanising entire workforces in the very unBritish world of wine production is Angela Muir.

Muir is a 43-year-old Master of Wine with a very unusual interest, cheap wine. "What really fascinates me," she says, dark eyebrows knit passionately under her Valkyrie mane, "is large volumes of low cost wine that people get physical pleasure from – and that doesn't happen often enough."

Uniquely, she has built up a reputation for telling wine producers in the hugely important bottom third of the wine price pyramid, in no uncertain terms, how to make wines that (British) people will actually want to drink.

"I start at the critic's end rather than the creator's," is how she explains her particular expertise. "If you happen to have great land, then employing a genius to make great wine is just a question of money. What I'm interested in is working back towards what the consumer wants rather than what the soil will give and how best to express it."

Happily for her the British market is so important, and indicative, to the world's potential wine exporters that, in the first three weeks of last month, she had been to Argentina to help one of the biggest companies there fashion wines for foreign palates with less than ideal equipment (answer: bottle in France); to Chile to find a new source for a British company which may then ask her to source its entire New World range "very exciting, in an area of the market I really like"; to Czechoslovakia to oversee one of her most innovative schemes to date; to France on a confidential assignment (it is a very competitive market); and finally, and apparently most thrillingly, to an Italian manufacturer of bottling equipment. Angela's eyes light up when describing this visit. "They're very, very good, particularly on computer coordination of bottling lines. We went and had a very interesting look round their machine shops near Verona on the way back from Czechoslovakia."

The Czech project is the first one in which Cellarworld, the company she formed in 1988 with her ex-management accountant husband Peter, has taken a direct stake. It all started during her previous 10-year stint buying wine – "proactively, like the Oddbins boys" – for Allied-Lyons where she was most famous for dragging a huge Spanish bodega into the late 20th century by promising to buy the resulting crisp 1982 white revamp for the Don Cortez label. Her unrivalled buying power at Grants of St James's was, of course, why producers listened to her didactic comments on their wines.)

The road to Czechoslovakia went via Ethiopia. Someone, "it's always silly – a friend of a friend, or someone wanting a reciprocal deal," asked Angela to evaluate some Ethiopian wines. The wines stayed in Ethiopia but 18 months ago she was asked by a related contact to look at a range of wines from a Czechoslovakia desperate for trade with the west. "Despite the ghastly labels, and some unpleasant winemaking aromas of sorbates etcetera, I realised there was some very good intense fruit there. I said I'd write them a report if they'd pay for me to go and spend four days there. You can learn a lot in four days if you really decide to get to grips with it."

Yes, ma'am. Or rather, yes, Major General, to which rank Angela has been elevated by colleagues at the Slovakian wineries from which she has coaxed four remarkably clean, fresh westernised varietals that are just hitting the shelves of better Victoria Wine shops at under £3 a bottle.

The lively red Frankovka at £2.79 is in limited distribution but is particularly good value. If the first three days' sales are indicative, she may turn out to be the saviour of the Czech wine industry, which is about half the size of the long-westernised Bulgarian one.

The Muir Czech revolution encompassed such refinements as an awesome respect for hygiene, a proper understanding of filtration, sterile bottling, more use of under-utilised equipment and whirlwind labelling applications to Brussels. Bottling lines have already been upgraded to supermarket standard. She also had to make changes in the tasting and dining rooms. "I told them we needed proper big tasting glasses, not thimbles. Also that we needed something to spit into – and that we certainly didn't need cat stew."

The Muirs live, with their cats, in deepest Surrey. Peter Muir is clearly vital to the business and, like many palates exposed to wine through a partner, is an impressive blind taster. His wife views the fine wine market as a "minor interest" and the wine she chooses to drink is, typically, fizzy and copious.

If she is right about the future of the wine market there will be a need for more consumer-driven consultants of her ilk. "Wine will be used more and more as a luxury and it's going to be one hell of a struggle for survival by vineyard owners. The market will increasingly demand reasonable prices and that wine tastes nice. There is lots of trauma ahead for producers who can't make that adjustment."

■ Cellarworld operates from the same address as the Fulham Road Wine Centre, 899/900 Fulham Road, London, SW6. Tel: 071-384 3388.

Bass – still ale and hearty

Giles MacDonogh looks back to the roots of a brewing giant

Hop aroma is assured using finest Fuggles hops

HOW THE image of British beer has changed in just one generation. Take the monster brewer Bass Charrington. Today, its empire is built on lagers such as Carling Black Label and Tennents: bright beers swilled with such relish up and down the land that Bass makes over an annual cheque to the Excise in excess of £695m.

Touring the ultra-modern brewery in Burton-on-Trent, cheerful executives shower you with record-beating statistics: gigantic profits, heroic consumption, epic production rates. It takes a certain sort of mind to take it all in. For me, it meant only an *awful* lot of beer. But there is more than one face to Bass, and not all the traditions of my childhood and adolescence have been laid to rest.

On the northern edge of the great sprawl of Birmingham, I visited the Highgate Brewery in Walsall. In the summer of 1939, redundancy notices were drawn-up for the dozen-odd staff in what was, and is, a less-than-economic proposition. Then, there was that business over in Poland. Now, more than 50 years later, the men are still there.

Highgate is famed for mild beer and, every now and then, an autumn strong ale called Highgate Old. Good Midland mild like Highgate is virtually unknown in the south, although the White Horse pub on Parson's Green, in west London, takes a regular delivery.

The deep colour and strong "chocolatey" flavour derive from the black malt which is added to the more usual pale and crystal malt. Munched in the raw, black malt tastes of coffee and burnt toast. Another factor is the famous "soft" well water. The brewery manager compared the taste to blood, which led me to speculate on his movements at full moon. For those less accustomed to blood, the taste is reminiscent of iron. Fuggles hops complete the package. There are no pellets here: Highgate Mild is the purest "real" ale.

The pretty little brewery was built in the closing years of last century and forms a stark contrast to Bass's largest plant in the beer city of Burton-on-Trent. The need for efficiency has meant that the place has been knocked-about a bit but, underneath the 30-acre site, Bass brewing began: a comparatively modest venture founded in 1777.

It was the well water that drew Bass to Burton although, in the high Middle Ages, the monks of Burton Abbey had known the secret of the gypsum deposits in the soil and their suitability for brewing a distinctive, reddish-brown ale.

In the second half of the 18th century, the need for Baltic timber made the fortune of the port of Kingston-upon-Hull. Beer from Burton was shipped out as ballast on fleets bound for Königsberg, Riga and St Petersburg.

By the time the French Revolution broke out, the beer had grown so famous that there was a tavern in Paris's Palais Royal dispensing Burton ale to the budding politicians of the National Assembly.

War with France and the continental blockade put a temporary end to this lucrative trade. Bass looked east along the Trent and Mersey Canal to Liverpool and, from there, to India: thus, India Pale Ale was born.

Its success drew others to Burton and, by the end of last century, several dozen breweries were exploiting the wells, inhabiting gaunt Victorian buildings arranged around the railway sidings and ready to ship their brews right round the world. With the mergers and closures of this century, just three remain.

Cask-conditioned draught Bass is brewed only in Burton. It is the descendant of that original beer which made the Bass fortunes. The water has changed, though: intensive farming and nitrate fertlizers have meant that it needs to be purified and the minerals added back. The brewery boffins concede that it is now possible to make Burton beer just about anywhere.

The draught ale is still the brewer's favourite and great care is taken to ensure that each cask leaving Burton is up to scratch when it reaches the pub. At the end of my tour, I was treated to a delicately hoppy glass of it. As I sipped, I noticed another old friend on the shelf behind the bar: Worthington White Shield, a familiar face I had all but forgotten.

With its addition of yeasts in the bottle, White Shield must virtually be unique in Britain, although the style lives on in Belgium and Germany. White Shield is made in the Burton style, but this last bottled beer is now produced elsewhere. As a relic of our beer-drinking past, it deserves to be known better.

■ *The Bass Museum can be visited in Horninglow Street, Burton-on-Trent (tel. 0283-42031). Open daily except Christmas Day, Boxing Day and New Year's Day. Last admission 4 pm.*

Cookery/**Philippa Davenport**

Oranges: the tasty way to start the day

A COUNTRY house hotel where I stayed recently put fresh flowers and fruit in the bedrooms but made me get out of the bath to accept delivery of a breakfast tray at the door.

This unthinking service left me in a poor humour, and my mood took a turn for the worse when I tasted the orange juice – low-grade stuff from a carton instead of the freshly-squeezed product you would expect in an establishment where bed and breakfast costs a cool £135.

Good mornings begin with good orange juice, and this is the time of year to enjoy the very best. There is nothing quite like blood oranges to start the day. Their juice is deliciously astringent but not too tart. It rivals the vivid colour of bortsch, and a draught is just as invigorating as a Bloody Mary in its way. But there is more to blood oranges than just drinking their juice. Used in place of ordinary sweet oranges, the moro and the tarocco make a sensational sorbet, especially when spiked with a sprig of rosemary.

I am more than mildly addicted to wedges of unpeeled blood orange threaded onto skewers with bay leaves, brushed with olive oil and grilled until hot and slightly toffeed. (Take care not to burn them to a cinder). To make a meal of this, use the caramelised oranges to partner spit-roasted small birds served on rounds of grilled or fried polenta. Or simply add chicken livers to the skewers.

I have recently had some success with the following appetiser, and I rate blood oranges a valuable flavouring for couscous with quails.

SICILIAN SALAD
(serves 4-6)

Packed with crunch and exuberant flavours, this should wake you up to spring.

Ingredients: 4 blood oranges; 2 bulbs of Florentine fennel; 2-3 oz young spinach leaves or 1 small radicchio; 1 oz toasted pine nuts or slivered almonds; a handful of black olives; two 2 oz cans of anchovy fillets; garlic and fennel seed.

Method: Grate finely the oily zest from one of the oranges. Then cut the skins off all four oranges, leaving no trace of pith clinging to the flesh. Squeeze the juice from the trimmings adhering to the peel and mix it with the orange zest, a small garlic clove and some fennel seeds crushed to a paste with mortar and pestle. Stir-in the olive oil drained from one can of anchovy fillets and season with salt to taste.

Dip the spinach leaves or radicchio into the dressing. Shake off excess and arrange the leaves round the edge of a shallow dish. Slice the oranges. Trim the fennel and cut it into thin wedges. Toss both ingredients in the dressing and pile them into the centre of the leaves, scattering the olives and toasted nuts here and there together with the anchovies from one can, cut into snippets.

Arrange the anchovies from the second can, criss-cross fashion, over the top and serve with slices of good country bread brushed with the oil from the second can and toasted under the grill.

COUSCOUS WITH QUAIL
(serves 4-6)

Fruity and spicy with the tang of mint and blood oranges, this is a simplified version of a favourite Moroccan dish.

Ingredients: 8 quail (each one stuffed with a bay leaf and a short length of cinnamon stick, and trussed); ½ lb couscous; 4 blood oranges; 1 large onion and 1-2 garlic cloves; cumin seed; cinnamon; a small bunch of mint; 2 oz toasted pine nuts or slivered almonds; 2 oz sultanas; ¼ lb each carrots and broccoli; a 15 oz can of chick peas; 1½ pt chicken stock; a little olive oil.

Method: For the stew, first chop a large onion and soften it for a few minutes in a little oil in a couscousier or other heavy stew pan. Add the little birds and colour them all over.

Stir in the crushed garlic, a heaped teaspoon of crushed cumin, and a large pinch of ground cinnamon. Add the stock and the juice and zest of two oranges. Bring quickly to simmering point, cover, and cook gently for 15 minutes.

Add the sliced carrots and drained chick peas and simmer for about 10 minutes more. Then add the broccoli, broken into florets, bring back to simmering point, switch off the heat and leave for five minutes to make the greenery tender.

For the couscous (which should be prepared and cooked in tandem with the stew), first aromatise the grain with the finely-grated zest of two oranges, a heaped teaspoon of ground cumin, and a generous pinch of cinnamon.

Add the sultanas, the flesh of one orange cut into membrane-free segments, the juice of the second orange, and a little cold salted water. Let the grain soften and swell for 10 minutes or so, raking it occasionally with your fingers to break up any lumps.

Then put the couscous into a steamer basket lined with butter muslin and place it over the stew pan to cook. It will need 15 minutes or so to become thoroughly hot and tender.

Enrich the cooked grain with a little warmed olive oil, the toasted nuts and some salt. Arrange it in a nest-like ring on a serving dish. Spoon the vegetables into the centre and sit the quail on top.

Serve with a sauce-boat of the cooking liquor, seasoned and laced with chopped mint to make a fragrant gravy.

When the cat sat on the fax

***Sheila Black** gets the message on the growing feline menace to warm, whirring machines*

THE service engineer looked closely at the facsimile machine before gazing intently around the room: "Where's the cat, then?", he demanded.

He had called in response to my faxed request for service and had instantly diagnosed my trouble from the order-letter, covered with myriad tiny black spots and criss-crossed with fine short strokes. The spots were grit from my cat's fur, the little fine lines were her hairs.

All over Britain, it seems, cats are creating havoc on faxes and the number increases weekly.

I was the third service call that morning resulting from damage to fax machines on which cats had lain, shedding fur and dirt.

At that point Flirt, my cat, entered, stared with annoyance at the engineer and the dismembered fax machine and stalked out in characteristic feline dudgeon.

"It is a very widespread problem and nobody ever thinks about it until the faxes become messy, even illegible," said my engineer.

Cats seek out and sit on faxes, revelling in the consistent warmth. Flirt will often lie as though hugging the machine on which I have long since put a plastic cover plus a fabric cover. That is fine when I am here because, when the fax phone rings, I can remove Flirt, covers and all while, replacing the irritated animal when the faxing stops.

When I am not at home, well, the fax is basically out of commission unless the door to that room is locked. In which case Flirt vents her frustration on the wallpaper in the hall, now in ribbons at the height of her out-stretched fore-paws. Then she lies, resignedly, under a radiator. But, come summer and no radiators?

My engineer had just come from an open-plan office, shared as a London headquarters by a clutch of small-business entrepreneurs who mostly worked from their homes. The office has a resident cat, some 14 years old, who sits on the fax. Nothing comes through except in screwed-up bits and pieces unless someone is present to keep the cat away. Some papers had got stuck in the works and the engineer had been clearing for some time. Nobody has the heart to exile the cat after all this time.

A graphic artist in Kennington, London, lives, sleeps, eats and works in one large open-plan studio, no doors except to bathroom and loo. His cat steps off the fax when something is coming through, stands resignedly by the machine until the faxing ends, and steps back on to the fax when it is still. Fur and grit have filled the unreachable parts of the machine and the artist is now clearing space on a wardrobe shelf for the fax.

A managing director, whose home office has French windows on to the garden, has to have them closed to keep the cat off his fax the family will not hear of locking up the cat so he can enjoy his garden while working at home.

My own engineer suggested I allow Flirt to lie, as she once was wont to do, on my cable TV box because it is sufficiently sealed not to suffer. However, that does not work because, every time she rises to change her position she also changes the channel as she steps on the keys. A friend and I once settled down to watch a film preprogrammed for VCR recording in my absence. Our recording turned out to be a real mixture of flashes of horror, drama, romance, and sport as a result of Flirt's walkabouts on the cable box.

The VCR is protected from Flirt by some creative ironmongery that keeps her off while allowing ventilation to the VCR.

I have solved the problem. I remember, long ago, staying with the late Billy Butlin, at his luxury home near Ascot.

Rows with his Welsh gardener had culminated in Taffy's stamping off, swearing never to return unless Bill fenced in the acreage dedicated to his beloved tropical birds, who flitted in trees to which heaters had been wired while herons waded in a specially-bulldozed lake. Taffy's problem was that the birds had eaten all the young bedding plants in the small, decorative garden near the house. Bill promised that the garden would be suitably fenced for Taffy and his spring planting.

He kept his promise. Taffy came back expecting to see the large acreage of bird sanctuary expensively fenced in. But no. The small garden was fenced in while the birds continued to enjoy freedom.

So I have "fenced in" my fax. Finding no suitable, ventilated protective covers, I bought from my vet a white-painted aluminium cat-carrying cage in which the fax now lives (the hinged top having been removed until again needed). Suitable justice until an ingenious manufacturer starts producing anti-cat cages for fax machines.

And Flirt? She lies on a thin cushion against the back of the cage where some heat still emerges. She does not like it too much and rushes on to the machine every time the cage is removed. But she is resigned to it now.

The alternatives to nanny

***Heather Farmbrough** on the pluses, minuses and costs of different kinds of baby care*

THE RECENT incident of the two British babies who were seriously injured by a bogus nanny underlines the fact that you cannot be too careful whom you choose to look after your children. However, the recession in the UK has forced many working parents to economise on childcare.

Qualified, experienced nannies are a costly luxury, and many parents are looking at cheaper options, such as day nurseries, childminders, mother's helps and au-pairs. But are they as good?

The great thing about au-pairs is that you can ask them to do anything in the house while you enjoy yourself with the children; with trained nannies, it is the opposite. But how much can you trust an au-pair to do? Should you leave your children with one?

Agencies report that more and more employers are leaving au-pairs in charge of their children every day while they work. "They can be great as another pair of hands," says Jilly Davis, of the Complete Nanny Agency, "but the reality is that many are unable to cope in an emergency."

Her view, which seems sensible, is that most au-pairs are not ideal as full-time sole carers for small children.

The main problem with au-pairs is that frequently their English is not very good. After all, many become au-pairs in order to learn English, although many are often keen merely to see England (London in particular) and to get away from home. Apart from the difficulties and potential misunderstandings which may arise (ours cooked a Waldorf salad last week), it can be hard for them to communicate well with children of talking age.

Another drawback is that few have much experience of looking after children. The other evening, the 18-year-old au-pair of a friend gaily gave a two-year-old a boiled sweet and then laughed innocently as he choked on it.

But au-pairs are still the cheapest form of domestic help you can find – although remember that you will have to feed them. Our German au-pair has a healthy appetite, but other nationalities are apparently more frugal. The minimum wage is £25 a week, but the standard wage seems to be around £35 for a 30-hour week and two evenings babysitting – a bargain considering that many babysitters charge £3.50 an hour.

The typical au-pair will – naturally, perhaps – not be totally devoted to her work and her main priority is having a good time. This at least means that she is unlikely to mooch around your home like a lost soul, getting in the way, but unless you are quite strict, you may find her wandering in with the milk each morning bringing home a new boyfriend.

In theory, an au-pair is a greater responsibility than a nanny because she is supposed to be treated as part of the family, so you may find yourself lying awake and worrying that her 18-stone excitable Latin papa will come over and take you to task if she elopes with her boyfriend. However, many au-pairs are students, so they are often bright and interesting. Having an au-pair can be a good chance to learn a foreign language, too.

A mother's help should also be prepared to help in the house and may be an ideal carer for children who are at play school for part of the day, or in families where mothers do not work or work part time. Jilly Davis says: "Literally, mother's helps are girls who aspire to be nannies but have not got into nanny colleges, or are those who took up working with children when they were older."

As such, they are cheaper than qualified nannies; salaries start at £80 a week (live-in), rising to £100 or more with experience. A recently qualified nanny will cost between £130 and £200 a week, live out, and between £90 and £150 living in. Wages may be higher in parts of central London.

Many mother's helps are devoted to children but others are doing the job simply because they do not know what else to do. And, as Davies says: "They are often very happy for a year working a a reduced salary until they find friends who are nannies who are earning more."

If you dislike the idea, or do not have the room for live-in help, and you are organised enough to get yourself and all the clutter your child needs for the day – plus the child – a child-minder or nursery might be a better option.

Childminders are usually mothers themselves, and, unlike nannies or mother's helps, they tend to stay in one place because they are rooted to their jobs and homes by their families. They are more likely to be flexible if you are late home than staff at a day nursery, and while few childminders are formally trained, they should be registered with the local social services. Average hourly rates are £1.30 for up to 50 hours a week, although pay varies from borough to borough.

You must be absolutely certain, however, that the childminder's house is suitable for small children. One mother found out that the toys which were out when she first came to interview the childminder had been borrowed just for the occasion. A social services supervisor told me she often had to remind childminders about locks which an inquisitive child could open or about other potential dangers in the home.

"Child-minders are great for babies and toddlers," says Caroline Thomas, a civil servant, whose daughter Chloe went to one until she was two. However, Thomas felt it was difficult for a childminder looking after several children to provide the attention and intellectual stimulation for older children, and that she would invariably comfort her own child first.

The greatest advantage of nurseries is that staff should be highly trained and the facilities are often excellent. "The best thing was that the staff only had to look after the children – they didn't have to cook, shop, clean or do anything else like most mothers or nannies," says a former nursery mother convinced her child gained from being with other children.

But you would be stuck every time your child is ill, which may be a least once a month. Most nurseries cannot cater for sick children, so you are called out to collect your ailing child, leaving an important meeting, only to discover when you reach home that little Horace has staged a remarkable recovery. Day nurseries are also wonderful germ exchanges, where babies catch everything and then give it to their parents in more severe form.

But the greatest drawback with a day nursery – unless it is near your home – is travelling with a small child. My idea of a living nightmare would be taking a tired toddler in the rush hour every day on the Underground across London, and probably the rest of the carriage's, too.

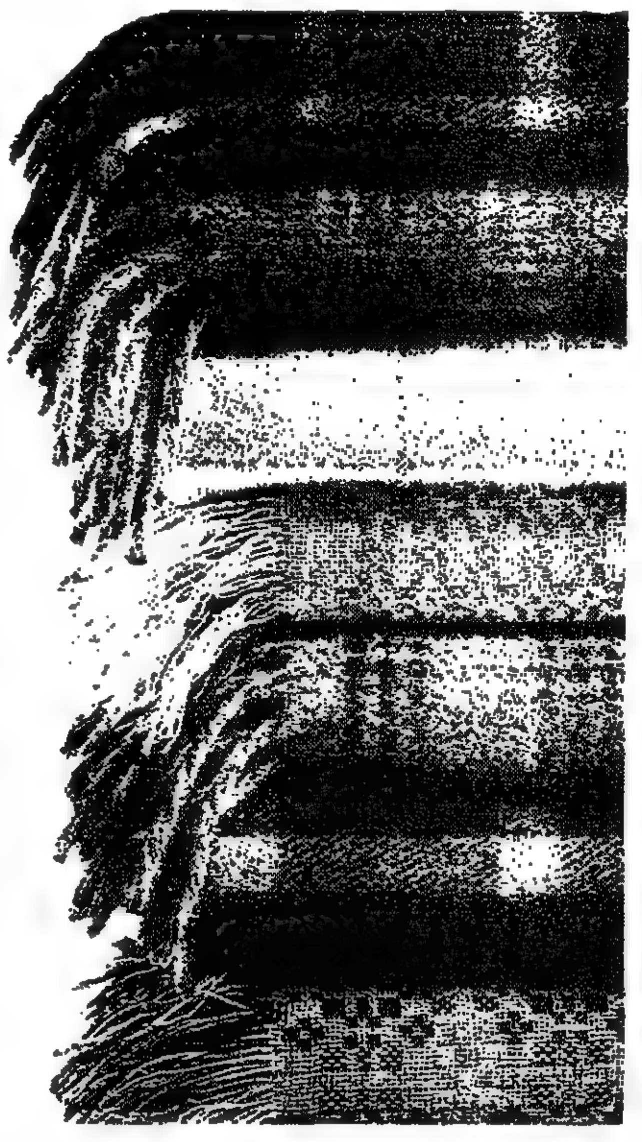
When employers subsidise the cost of a nursery place, these drawbacks are probably unimportant. But unsubsidised places are not cheap: in Nottingham, for example, one will cost £60 upwards for a week, in London £120 to £130. Places are scarce; those in free local authority nurseries tend to go to children with special needs.

An alternative to a childminder or a nursery may be a nanny-share with another family. Juliet Rix, a freelance broadcaster, is enthusiastic about this arrangement. The key thing, she says, is to be in at the beginning to set your terms to the other family as well as the nanny.

Put more bluntly, nanny-shares can often work better for one family than the other. If the other family offers juicier perks, such as a better car, you quickly become the poor and less attractive employer. It is bad enough arranging your holidays to coincide with the nanny's (yes, it is usually that way round) without having to worry about the other family as well. If the nanny is looking after two children from two families together, it is usual to pay a little over the usual hourly rate. Do not consider sharing a nanny if you are not a good negotiator and skilled diplomat.

Ultimately, the kind of childcare you look for will depend on what you can afford and what you need. Few solutions are perfect, but most are better than nothing for tired, harassed mothers – providing your children are in safe hands and are happy, of course.

The key point, as the precocious 11-year-old daughter of a friend told me is: "It just depends on the person."



Snug rugs: blankets and rugs from weavers Melin Tregwynt

Warm Welsh wool for real beds

***Jill James** on colourful classics produced by small weavers*

REAL BEDS are back. Throw away the duvet. Forget the polyester pillow. Get out the feather bolster and the Welsh wool blankets for really snug nights between the sheets.

The homespun look is here again. People are once more turning to natural handmade products for the bedroom as well as the rest of the home.

This should prove good news for a wet and windy corner of west Wales, Pembrokeshire, the old county name for the south west corner of Dyfed.

There, in the last century, the only industrialised craft activity was weaving. Hundreds of little woollen mills were scattered around the county but, sadly, only a handful remain. Those that do are still turning out quality goods made to last.

Using traditional materials some are recreating the kind of blankets, bedspreads and eiderdowns that kept great granny warm at night. For those who like their natural fabrics given an up-to-date look there are plenty of other craftspeople turning out quilts, sheets, rugs and wallhangings with original and modern designs.

For traditional Welsh woollen products a favourite place of mine is Melin Tregwynt, near Castlemorris, Haverfordwest, Dyfed (tel. 03485-644/285 or fax 03485-694). This picturesque working mill, operated by the Griffiths family since 1912, weaves 100 per cent pure new wool for furnishing and fabrics.

Their "from the wood" range of bedspreads and blankets comes in wonderful colours and patterns – wood- smoke, ember, spruce and forest berry. The textures and styles evoke the smell of autumn, the first nip of frost . . . and the need for an extra covering on the bed.

Most mills have their own designs and Tregwynt is no exception. One example is a bedspread with a simplified St David's cross pattern for £79 – pure wool and machine washable.

Tregwynt's work is the complete antithesis of the throw-away society. Amanda Griffiths, wife of Eifion whose grandfather founded the business, told me: "Our products certainly wear well. We have a chequerboard cloth on our table at home going back 200 years."

She is anxious to stress that although the company is not really fashion conscious it does keep up with new colours and themes and brings out a new collection at least once a year.

The company does bespoke work – for example it has completed an order of 30 items for a small hotel – and is hoping a new computer-aided facility will enable it to go in for more complex patterns. A fringed doubleweave bedspread is based on an early 19th century original and is available in indigo and claret.

It is the memory of how bedspreads and blankets *ought* to be that has inspired the company's latest *Cofion* range. Blankets come in a choice of simple designs all finished with traditional stitching. Pram blankets start from £11.50 up to king size at £90. Bedspreads range from £75 for a single to £105 for king size. In London, Liberty, Conran and the General Trading Company take a limited range of Tregwynt products.

Not far from Tregwynt, at Ambleston, David and Margaret Redpath run the 200 year-old Wallis Woollen Mill. They specialise in organic dyes and have even grown an indigo crop on their Welsh site.

Their most recent commissions have been yarn for a carpet at Spencer House, London, now being woven in Turkey, and a priest's cope, stoles and altar pieces for an Oxford church.

The Redpaths produce dyed wool for everything from carpet repair yarns to rugs, blankets and clothing fabric. Their embroidery wool, in more than 70 shades, is spun from fine worsted of 100 per cent lambswool.

The dyes used have good fastness to light and washing. Madder (red) indigo (blue) and weld (yellow), the three great historical dyes, are the main sources of colour. Colours can be dyed to order.

It is quite hard to describe the special quality of organic dyes. Apart from the ecological value there is a subtle and harmonious depth and variety of colour that is that bit superior to its chemical counterpart.

As specialist weavers and dyers the Redpaths are interested in individual commissions and can be contacted at Renaissance Embroidery, Wallis Woollen Mill, Ambleston, Haverfordwest, SA62 5RA (tel. and fax 0437-731-297).

For £1.50 the Redpaths will send *Weekend FT* readers a colour photograph of their embroidery yarns, full details and a sample skein.

A few miles further west, near the coast at Solva, Middle Mill specialises in floor rugs and carpets. There, the Grime family, Robert, Cynthia and son Thomas, provide a very individual service.

"People send us their wallpaper and we weave a rug or carpet sample and send it to them," says Cynthia.

Their robust floor coverings are proving popular with locals and abroad – some 10 per cent of the mill's output is exported. It is the homely, solid, hand-finished look to the products which is proving popular in the US. I particularly liked a range of rugs based on the traditional Welsh trellis pattern.

Pricing is relatively modest; stair carpet sells at £8.15 per yard for a 27in width and £10.75 for 36in. Double weave carpet sells at £11.75 a square yard. Widths can be varied to suit the individual.

The mill offers a full postal service so write to: The Woollen Mill, Middle Mill, Solva, Haverfordwest, SA62 6XD (tel. 0437-721-597; evenings are the best time). Orders take from one to three months to process depending on the individual requirement.

For further details of craft workshops in Pembrokeshire and other weavers in the wider area of Dyfed a booklet entitled *Dyfed Craft Trails* is available from the Wales Tourist Board, Davis Street, Cardiff, CF1 2FU (tel. 0222-475-226).

As They Say In Europe / **James Morgan**

Machiavelli and the Mafia

SHAKESPEARE used Italy for his comedies because it provided a suitable backdrop for improbable events. But the present election campaign there attracts comment only insofar as it concerns the central figures of *politica-spettacolo*: pornographers, striptease artistes and the pneumatic descendants of dead dictators.

The world ignores stories such as the decision by Rino Formica, the finance minister, to offer Neapolitan cigarette smugglers new employment in the civil service. "If we can find jobs for 20,000 Albanians, we can surely do the same for 25,000 smugglers," he said.

Last autumn the government launched a campaign against the "blondes," the smugglers of light tobacco cigarettes. *La Repubblica* of Rome reported that the blondes wrote to Formica in these terms: "Dear minister: if you take our cigarette market away from us, we shall be forced to steal. Signed: the Smugglers of San Giovanni a Teduccio, Naples."

The minister's offer to buy the merchants' speedboats and give them jobs led *Corriere della Sera* to do what Italian papers always do: ask a sociologist. One, Amato Lamberti, described as an "observer" of the Mafia, said the proposal touched on an important question: "the need to differentiate between criminals and those who are compelled to make a living by illegal means."

In Italy, sociologists and psychiatrists play the role of court jesters as we shall see.

Repubblica objected. It said that the minister's ideas were "in line with the juridical culture and moral philosophy which our secular government exudes: when a phenomenon is out of control, the system absorbs and metabolises it. You don't want to stand up to Mafia terrorism? Pardon the penitents and peace is won. You don't want to try to wipe out tax evasion? Total forgiveness and you're friends again."

It said the smugglers could double as border guards – a suggestion for which there was a precedent in Italian history.

Another big story was about a gentleman from Verona who battered his parents to death with a frying pan to get hold of their fortune. He received a 30-year sentence, which means 14 at most, and a share in the inheritance. Psychiatrists at his trial said the accused was a victim of the materialist culture typical of rich places like Verona. He received letters of support from many young heirs around the country.

The *Frankfurter Allgemeine Zeitung* tried to come to terms with other aspects of Italy's moral universe while pursuing its own, turgid, geopolitical speculation. Heinz-Joachim Fischer wrote an editorial entitled "The unloved Germans" (a headline that has appeared a couple of hundred times this year.) He wondered whether Germany should run its foreign policy according to the categorical imperative of Immanuel Kant, the Prussian philosopher, or the "sly counsel" of Macchiavelli.

Fischer argued that every other nation conducted its policy towards Germany with a copy of Macchiavelli in its metaphorical hand. "They accept in all innocence that their interests are self-evident principles . . . they organise their policy towards Germany on the basis of what is useful for them. From them and their masters, we can learn.

"Thus, the Italians have a special role vis-a-vis the Germans among European nations. They have no foreign policy principles, wanting only to live in peace and enjoy a few pleasures. While France pursues national glory and England strives to counterbalance any overweening power on the Continent, the Italians have no power-political or racial-psychological preconceptions – except those which they cook up for their own purposes."

Italy is the one European nation with a reputation unchanged for 700 years. Dante said it was a "Lady, no longer of fair provinces, but of a brothel house impure." Shakespeare's contemporary, Sir Henry Wotton, said: "A paradise inhabited with devils." Dr Johnson completed the picture: "A man who has not been in Italy is always conscious of an inferiority." Specially if he never meets Rino Formica.

■ *James Morgan is economics correspondent of the BBC World Service.*

COLLECTING

Massive at Maastricht

The biggest art fair in the world is growing bigger, writes ***Susan Moore***

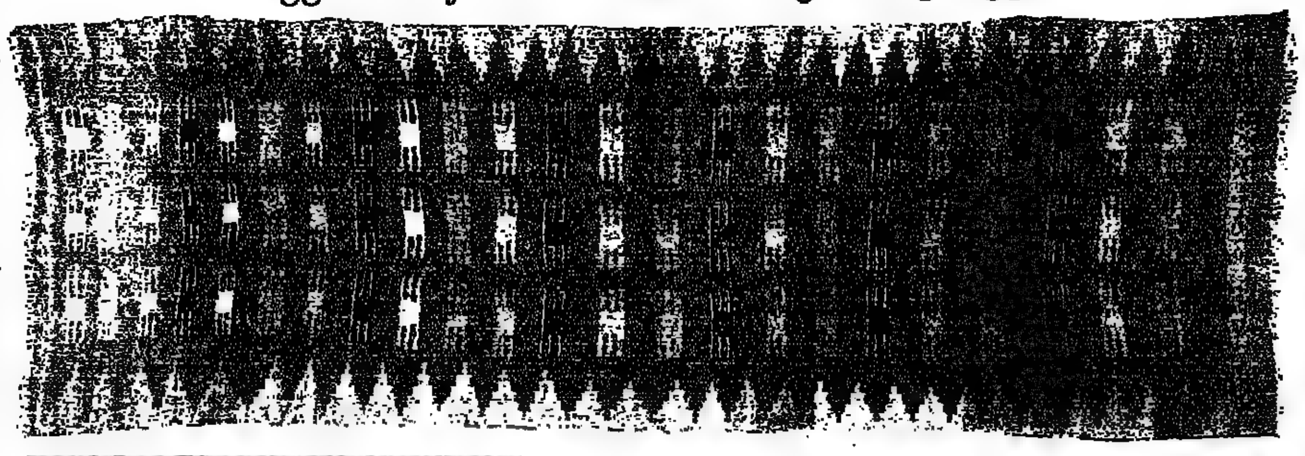
THOSE WHO already find the marathon circuit of The European Fine Art Fair sufficiently exhausting may be dismayed to learn that this year the world's largest art fair is bigger than ever.

Between March 14 and March 22, the Maastricht Exhibition and Congress Centre (MECC) in the Netherlands, long since evacuated by Kohl, Major and Mitterrand, is host to 144 dealers from ten countries, many exhibiting for the first time, and a projected 27,000 visitors.

The expansion comes of a decision to broaden the base of the fair. Two new specialist sections join ranks with "Pictura", "Antiquairs", "Modern and Contemporary Art" and "Textura" this year: "Gravura" (prints and works on paper) and the grandiosely titled *"La Haute Joaillerie du Monde"*.

Maastricht's success rests on a desire to refine and improve. Ever since the city's two small biennial picture and antique fairs merged in 1985 and relaunched three years later as an annual event at MECC, its formula has been under constant revision. Some experiments were short-lived, such as the Orangerie, the loan exhibitions, and last year's Italian pavilion. The charity gala evening, the concert and lecture programmes remain regular features to entice visitors to linger in medieval Maastricht.

Most inspired of all innovations was the introduction of "Textura" in 1988, a fair within a fair comprising a handful of Europe's most distinguished dealers in carpets and textiles. The limitless and relatively inexpensive space at MECC (which resembles nothing so much as a DIY warehouse on the A40) makes it an ideal venue for exhibiting large-scale works of art. By ensuring uniformly high standards (interestingly, last year's guests were not invited back), the tight knot of exhibiting dealers have established "Textura" as a centre of excellence and a magnet to specialist collectors.



Exotic kelims will be a colourful feature at the show

An indication of the calibre of exhibits this year is The Rothschild Medallion Hunting Carpet, woven in Isfahan around 1600, and presented by The Textile Gallery, London. Only one other complete example of this grand and enchanting 234 by 480cm rug is known.

Far from being afraid of competition, dealers at Maastricht have found that a concentration of specialist stands has attracted more visitors and business to all. The exhibitors will bring new clients as well as new blood. According to Ben Janssens of Spink's and a member of the Maastricht board, it was felt that jewellery would also lend "a certain amount of prestige to the fair." He continues: "Jewellers always seem to do a lot of business at the Paris Biennale, and are pleased to have the opportunity to show at an art fair".

Their appearance suggests, too, that the organisers have realised at last that stand after stand of middle-ranking Dutch and Flemish tavern scenes of roistering peasants, marine pictures, still-lifes, and snowscenes is of limited charm.

The jewellers are not only bringing serious rocks – complete with certificates sprinkled with "D flawless" – but objects more typical of a Northern Schatzkammer. A tempting idea is "The Cup of Euphoric Bliss" offered by Gianmaria Buccellati of Milan, a 17th century vessel in the shape of a swan and incorporating an antique piece of moss jasper, silver, gold and emeralds. Swans seem to be popular. Garrard of London has a pair made of modern sterling silver.

There is frivolity too – not always an inexpensive commodity. Cartier International of Paris shows a characteristic ruby, diamond and platinum brooch in the form of a coconut tree, and a "Tutti Frutti" necklace. Harry Winston of Paris and New York offers "Ruby Slippers" – an exact replica of Judy Garland's sparkling magic footwear in *The Wizard of Oz* made to mark the 50th anniversary of the film. They are crafted out of some 4,600 rubies.

Maastricht's location has always determined its bread and butter business: Dutch and Flemish Old Master paintings. This year the fare is strengthened by the return of London heavyweights Richard Green and Colnaghi. The latter is back, according to the firm's Jeremy Howard, because there is no Palazzo Strozzi fair in Florence this year, and "everyone seemed to do rather well at Maastricht last year."

Richard Green takes, among other things, a flowerpiece by Jan Brueghel the Elder of roses, tulips and iris in a Wanli porcelain kendi. Colnaghi, Bloemaert's Caravaggesque "Holy Family". Dealer Charles Roelofsz's newly discovered Terbrughen of a "Women with a Candle" was the pictorial treat of last year's show. It seems to have attracted more fashionable Northern Caravaggesques. Spencer A. Samuels brings from New York Terbrughen's extraordinary "Heraclitus and Democritus", and Schlichte Bergen of Amsterdam, Jordaens' "Bearded Man by Candlelight".

Good traditional landscapes come in the form of Verner Amell's Ruisdael and Noortman's Hobbema. What is interesting, however, is how much more variety there seems to be among the pictures this year. Arnoldi-Livie of Munich brings Rottenhammer and Menzel; Colnaghi, Bugiardini and Angelica Kauffmann (a portrait of a daughter of a Scottish Governor of New York). We find Oudry, Chardin and Boilly, Courbets and Corots. Martyn Gregory brings China trade pictures. Even Johnny van Haeften's Frans Post, his most expensive picture at £650,000, is a view of the Cathedral of Olinda in Brazil.

The range of the works of art on offer is impressive, increased this year by the breadth of interests of the new exhibitors. At Maastricht one can discover anything from an Attic amphora to Art Deco: Oriental porcelain, pewter and grand French furniture, icons and Indian jewellery, maiolica, Limoges and silver, even leather panels, architectural columns and picture frames. Newcomer Luis Elvira of Castellón offers a terrifyingly beautiful pair of 16th century Spanish-German tournament spurs; Kugel of Paris present a set of five silvered and gilt bronze Dresden dwarves.

An original and particularly intriguing new field is opened up in the modern and contemporary section. Hong Kong and London-based American dealer Ed Miller brings contemporary Chinese art to our attention, under the umbrella of Lo Shan Tang. Miller explains that almost no one outside Asia has ever seen the best of modern Chinese painting, and plans to redress the balance. "I've taken a huge stand at Maastricht," he says, "and am bringing great stuff."

There is nothing flamboyant about Maastricht (except perhaps the eccentric parrot tulips that adorn the hall in splendid profusion). The displays are simple and swagless, and the objects are left to speak for themselves. Dealers seem to be "cautiously optimistic", depending on the relative strength of the economy in Continental Europe and of the sound good sense of Continental collectors who have always prefered to use their income rather than their capital – and certainly not credit – to buy works of art. A weak dollar seems to have encouraged many US dealers to try their luck in Europe.

The fair is open 11am-8pm weekdays, 11am-6pm weekends. Sabena World Airlines again offers a 50 per cent discount on all first and business class flights to Brussels for visitors from anywhere in the world, except German-speaking countries, and a regular minibus service between Brussels Airport Sheraton and MECC. To take advantage of this offer, entrance tickets must be booked in advance from The European Fine Art Foundation, (tel: 31-73-14-51-65) and presented to a Sabena agent.

Market puts on a genial face

Desperate US dealers are even being polite, writes ***Homan Potterton***

THE ART market in New York is so much more genial these days. Dealers have become positively welcoming – even polite – and the auction-houses have shed that attitude of disdain which went with their success in the eighties. Even the public have changed. At the Benefit Preview of The Art Show – the annual fair of the Art Dealers Association of America – the other week, everyone seemed to be actually enjoying themselves. Not that anyone was buying anything. On the contrary, in spite of the fact that a great deal of what was on show was decidedly middle-of-the-road and prices (most of them quite modest) were openly displayed, there was not a red dot to be seen. It was all very different from not so long ago.

The year started with a huge emphasis on Old Masters. The auction-houses, sensing that these are sound "Blue Chip", are busy trying to encourage the art-speculators, who have seen their investments in Contemporary Art dwindle, to move into more traditional art: "Crossover Collectors" are the rage.

Sotheby's mid-January sale of almost 200 lots went relatively well with 69 per cent sold by lot and a surprising top price of $3.5m (£2m) paid (by a New York dealer) for a Van Huysum flowerpiece (estimate $1.5m-$3m) painted about 1730. Christie's Old Master sale that week had no comparable picture on offer but 78 per cent of the lots found buyers.

The same firm had a similar success with their Master Drawings sales: 77 per cent sold by lot in an auction that was particularly strong on French drawings with a Watteau topping the bill at almost a $250,000.

But a more exciting focus for collectors during January was away from the auction-houses. Several Old Master Drawings dealers staged excellent exhibitions and demonstrated the traditional attraction of buying from a dealer rather than in the scramble of an auction. In a gallery such as Mia Wiener's it is possible to study a wide range of well-researched and beautifully displayed drawings, discuss them in depth with the dealer, and educate one's taste in a way that is quite impossible in the saleroom. Furthermore, most dealers are prepared to trade so that if one has a change of mind – even after a number of years – it is generally possible to return a purchase.

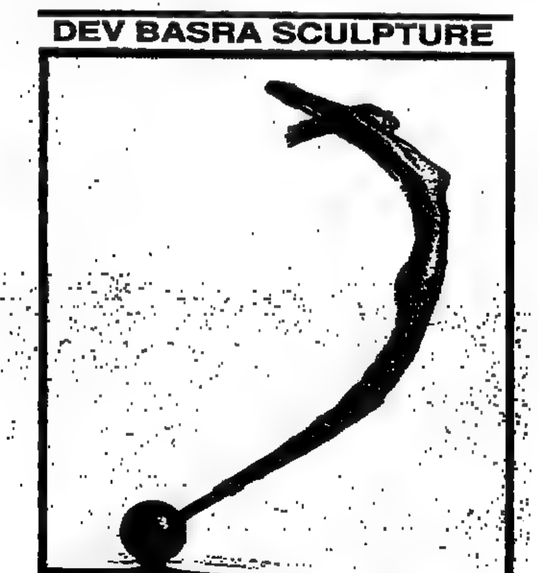
Mia Wiener's January show was called "Regarding the Antique: aspects of antiquity in Renaissance and Baroque Italy" and it included about 40 drawings inspired (primarily) by ancient Rome. These were displayed in the company of a loan collection of classical bronzes and the muted effect of the arrangement made a visit to the exhibition like dropping in on the study of some humanist scholar.

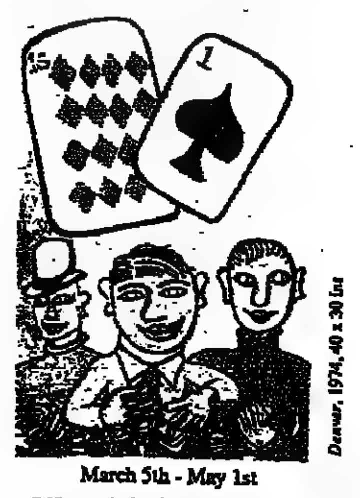
Nissman, Abromson – who are based in Massachusetts – also exhibited master drawings in New York in January. Their collection, which they published in a handsome catalogue, ranged from an early-18th century drawing of a cherub by Marcantonio Raimondi to a sculptural study of Medusa by the English pre-Raphaelite, Simeon Solomon.

New York-based drawings dealers Margot Gordon and Jill Newhouse traditionally show every January (otherwise by appointment) and this year they were joined by a relative newcomer, Richard Berman, who staged his exhibition at the Explorers' Club on East 70th Street. The Hamburg dealer, Thomas Le Claire, was in town for the first time with drawings dating from the 16th to the 19th centuries.

Last October, Hazlitt, Gooden & Fox opened new premises in New York and they imported Italian drawings from Carpaccio to Tiepolo from their Bury Street gallery for a January showing. London dealer, Richard Day, was also available. All in all, Old Master drawings seemed the hottest ticket around and business, although not exactly brisk, was said to be doing nicely.

For the collector who simply wants to browse, one of the most stimulating (but least glittering) of New York's myriad art fairs is just a month away. This is "Works on Paper" which takes place at the Armory on Park Avenue (at 67th Street) on the weekend of April 3-5. Most dealers who had shows in January will have stands. They will be joined by others who specialise in prints, watercolours, illustrated books, architectural drawings, posters, and photographs. This is quite a heady mix but the show traditionally attracts serious collectors as well as museum curators from all over the country.





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COLLECTING

Art market begins to build a recovery led by Old Masters

***Antony Thorncroft** finds hopeful signs in London's salerooms*

SUDDENLY, there are the first green sprouts of spring, suggesting a re-awakening in the market for pictures as well. In New York at the end of February, both Sotheby's and Christie's sold second division Impressionist and Modern art well – 12 per cent unsold at Sotheby's and an impressively modest 10 per cent bought-in at Christie's.

Of course, sellers had to be arm-twisted into putting low reserves on their pictures, and prices generally were up to 50 per cent lower than two years ago; but private collectors were back and bidding for run-of-the-mill works by Chagall and Soutine, Utrillo, and even poor old Picasso. Above all, the auctions were seen to be a success, encouraging greatly that elusive plant called confidence.

It is the same in London. Agnews has had a tremendous response to the portraits of 31-year-old Sarah Raphael, selling 80 per cent of her exhibition in just three weeks at prices ranging up to £12,500. And, next door in Bond Street, Marlborough did equally well with the landscapes of Christopher Bramham. Both artists are accessible – very English in their style but backed by sinewy strength.

More to the point, Agnews is confident of selling at least two of the expensive Old Masters it is exhibiting as part of its 175th anniversary show.

Across the road, Leger has one of its finest exhibitions for some time to celebrate its centenary. It is offering British landscapes, ranging in price from £1,000 to more than £1.5m for one of Gainsborough's most brilliant late landscapes. The presentation of such high-quality pictures is bound to entice buyers, particularly overseas museums which are largely unaffected by financial uncertainties.

In Madrid, meanwhile, the Old Master sale of Edmund Peel was only 4 per cent unsold, with a rare work by Yáñez going to the Prado Museum for £435,555. In New York, there were particularly encouraging Old Master auctions at both Sotheby's and Christie's. This has inspired the belief that the revival in the picture market will be led by Old Masters, and there are good historical reasons why this should be so.

In spite of the blandishments of the dealers, the Japanese – whose on-off love affair with Impressionist and modern art caused the wild fluctuations in their price, leading to the present sad slump – have never really understood or collected Old Masters. Consequently, this sector escaped the speculative fever and remained a connoisseur's market, bought by museums, committed collectors and the odd bold spirit (like Madonna) who wanted to move beyond the easy iconography of modern art.

There are undoubted problems with Old Masters such as those of attribution, condition, subject matter, availability, and the fact that the great masterpieces are invariably tucked away in museums. But they still represent the greatest manifestation of western art, and the growth in art history has opened up virtually every period, and country, to informed comment.

Discoveries and re-attributions are being made constantly – notably, in recent months, the confirmation of an exquisite Raphael belonging to the Duke of Northumberland; a Titian; and a Sebastiano. (The latter two are leaving the UK for the Getty Museum in Malibu.)

It is not surprising, then, that when Christie's was asked by the Marquess of Cholmondeley to find a buyer for his "Portrait of a lady with pet squirrel and a starling" by Holbein, it wanted to rush it to auction (on April 15) rather than go through long, complicated, and perhaps unsuccessful negotiations on a private treaty sale. A high-profile auction, achieving an anticipated price of £15m-plus – which would make it the most expensive Old Master yet sold in the UK – would galvanise the market, particularly as two other fine works, by Rembrandt and Canaletto, could be included in the same sale.

They, too, come from landed English families worried by the prospect of a high-taxing Labour government after the general election and by the fact that Arts Minister Tim Renton is proposing a list of national treasures that cannot leave the UK. Of course, Christie's would also earn more money from an auction than from a negotiated deal.

Christie's has run into a storm, though. The heritage lobby has rallied behind keeping the Holbein in the UK and talks are under way on a possible private treaty sale, to the National Gallery. After paying 60 per cent tax on a market sale of the Holbein, Cholmondeley might actually do better selling to the National – even if he has to wait three years for all his money.

Undoubtedly, an auction would be a useful test of the strength of the art market. There are only around 10 known bidders for the three paintings but, at this quality level, a new mega-rich collector in another field could possibly be persuaded to show an interest, especially in the Holbein. Christie's is obviously doing what is best for Christie's but, in a strange way, the successful sale of this rare painting would have a knock-on effect right down to the hustlers in the Portobello Road.

For many dealers, this year will show little or no improvement on the abysmal 1991; but the blocks on which the revival will be built are being established slowly. It will rise on private buying rather than trade bidding, for many dealers are over-stocked and debt-ridden.

In furniture and silver, jewellery and stamps, there have been some very good auctions in recent weeks. Pictures, along with classic cars, felt the full force of late-1980s' speculation and some sectors, like the Impressionists, may take five years to recover to their 1989 price levels. But Old Masters, which suffered least, are already displaying ingrained strength. The furore over the Holbein just confirms their ability to stir up strong emotions and to tap large sums of money.

Madonna with Child, circa 1400, sold by Edmund Peel in Madrid

Big names go to Paris in springtime

***Nicholas Powell** previews the Salon de Mars and the Salon du Dessin and sees plenty to attract interest*

MARCH and early April traditionally are a quiet time for Paris galleries but dealers and collectors have two big events, the Salon de Mars and the Salon du Dessin, to which they can look forward this year.

The fourth annual Salon de Mars will be held as usual under several acres of white canvas on the lawns of the Champs de Mars in Paris, just by the Eiffel Tower, from March 25-30. The often-startling mixture of periods and styles, from pre-Columbian to the avant-garde contemporary which is the salon's trademark, is as pronounced as ever.

Last year's event attracted 50,000 people and most serious buying was done by French collectors. Broadly speaking, art priced at under FFr500,000 sold easily but the market proved sluggish above that figure. Highly-priced contemporary art was almost impossible to move but specialists in less-speculative fields, such as art deco and African art, reported good sales.

There are 115 stands this year, five fewer than 1991. Some leading Paris dealers, such as medieval specialist Bresset, have preferred to stay away and concentrate instead on the huge Biennale arts fair in September. Twenty-four of this year's dealers have come from abroad, one fewer than in 1991; but only two are American, compared with nine two years ago when the art market still was booming.

Although organisers are confident that the reputation of the Salon de Mars is growing outside France, foreign dealers have been put off by their own economic problems and the French government's swingeing increase in value-added tax on art last summer. Although that rate was reduced in December from 18.6 per cent to 5.5 for original art works, – the last of several legislative turnabouts – the news came too late to help the salon.

The fair will, nevertheless, have two British exhibitors for the first time: Richard Goedhuis, who deals in Oriental art, and contemporary art specialist Stoppenbach and Delestre.

The quality of exhibits at the Salon de Mars has improved radically over the past couple of years and the fair has begun to attract the trade's biggest names such as Paris furniture dealers Perrin, Segoura and Etienne Levy.

Levy, who specialises in 20th century French mahogany furniture, is presenting an unusual bookcase with incorporated bottle and cigar racks – ideal, he says, for "a selfish, refined bachelor." A Paris colleague, Jean Gismondi, known best for highly-decorated 17th century Italian furniture, is showing only French Empire furniture in mahogany.

The highly-specialised fields will be well represented, too. Gisele Croes, a leading Chinese art specialist from Brussels; Parisian medievalist Jacqueline Boccador; and African arts experts Alain de Monbrison and Helene and Philippe Leloup (also from Paris) all are showing.

Presentation at the Salon de Mars is unfussy. At the Salon du Dessin, it is positively austere. The stands are only 45 sq ft, the nondescript beige wall hangings are the cheapest the organisers could find, and the potted plants must be shared.

The salon was the first drawings fair in Europe, and the world's first showing only original drawings to the exclusion of prints. It began last year in basement rooms at the Hotel George V and proved so successful it is being repeated from April 1-5.

Seventeen Paris dealers again are clubbing together for the show, which is intended to give a further boost to the rapidly-developing Paris market in drawings – and keep the proceeds at home. This year, though, the fair's only contemporary dealer, Marwan Hoss, has dropped out and is replaced by Brame and Lorenceau, who are leading specialists in late-19th century drawings and paintings.

This year's salon, like the first, will be top-heavy in French 18th century drawings of the sort the local public likes best (although dealers complain such works are increasingly hard, and ever more expensive, to find). Galerie Cailleux, which probably will have the best in that line, is presenting a special homage to the artist Hubert Robert, with a selection of architectural fantasies and studies of ancient Roman characters.

Galerie Proute, one of the city's most learned specialists in drawings and engravings, is showing works by Rodin and Fragonard. Dutch-born dealer Bob Haboldt, who last year had the finest choice of northern European works, is proposing a mix this year with 17th and 18th century French works.

Rugby Union

Amateur code's key professional

MOMENTS before the kick-off of this afternoon's match between England and Wales at Twickenham, a big, sandy-haired man will take his position in the one unnumbered seat in the officials' box in the West stand. Beneath the hair and eyebrows, there will probably be a smile on his face.

Dudley Wood can be permitted that. Rugby Union is enjoying an unprecedented boom in popularity and Wood, the secretary of the English Rugby Football Union, is the man who deserves the credit for transforming it into the most modern and best-run rugby union in the world.

"I am just a hired hand", he says, modestly. "I am the servant of The Committee." The reality is that Wood was the first high-powered businessman to move from industry to rugby administration, and he has been a brilliant success. "It simply isn't good enough to appoint enthusiastic ex-players to these positions any more," he says. "Sport is a mixture of everything from high politics to low jokes."

Since Wood arrived at Twickenham in August 1986, England's success on the field has been matched by an improvement off it. Turnover? Up from £5m to £40m. Staff? Risen from 40 to 100, including part-timers. Ticketing? All computerised and done in-house. Seating? Increased to 60,000 and soon to be increased again, to 75,000.

After leaving Oxford with a degree in modern languages, Wood spent more than 30 years with ICI in its petrochemicals division. Retirement was nearing when he was nudged into applying for the secretaryship of the ERFU. His application arrived on the closing date.

When he got the job, he was horrified to discover that the telephone number of the ERFU was ex-directory. He changed that immediately. He has initiated an unprecedented opening-up of Twickenham, from establishing of excellent relations with local residents to improving facilities for wheelchairs. Journalists, used to being palmed-off with non-committal statements and numerous no-comments, found themselves invited to regular press conferences at which Wood and his officials would answer questions on any subject.

He fought for, and got, club-class travel for the England players and has given a woman on his staff the responsibility of looking after the wives and girl-friends of every player in the England development squad. The result is that his personal standing is high and the ERFU is no longer perceived to be an outdated, ill-managed coterie of plummy-voiced former public schoolboys.

You get Wood's measure when you discover the standing in which he is held outside

John Hopkins on the man who has transformed English rugby

rugby. He recently received a letter from a head-hunter searching for a new chief executive for the Squash Rackets Association. "Since you are widely held to be the role model for such positions, do you have any ideas?" it read.

Wood's counsel was sought when the Football Association was searching for a chief executive. But he says: "I am not an ideas man. By training, I am a marketing man. I can sell other people's ideas."

In two particular areas, Wood's profile has been high. The first is in fighting to maintain the view that rugby is still an amateur game. "I regret that I have not won that argument," he says. "The point is this: rugby is better on the basis on which it is now played than on any other. We must not throw out its greatest virtue, which is that it is a leisure activity for those who earn a living.

"It is a sport for players who have to work on a Monday. I like the idea that Jonathan Webb took someone's appendix out on the morning of the Harlequins *vs* Bath game and that Nigel Heslop went skiing in midseason. I was delighted when Rob Andrew was made chartered surveyor of the year. These guys are individuals. They've got their priorities right. They have a right to lead their own lives."

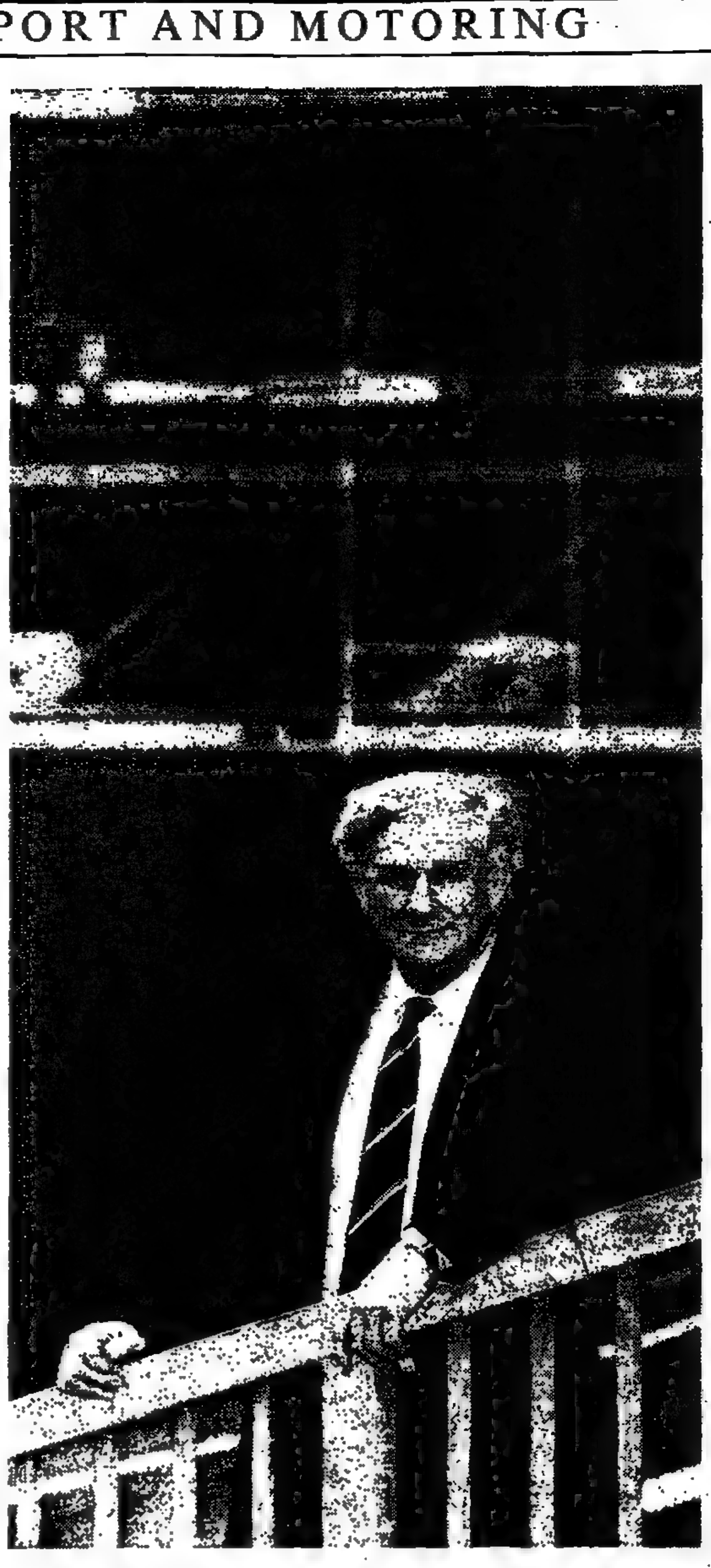
This view is seen by some as old-fashioned – typical of an elderly administrator who is anti-money and thus anti the England players' Run with the Ball campaign. "We do not have the right to stop players profiting from activities outside rugby, like opening supermarkets, but I do draw the line at them asking a fee for making a speech at a rugby dinner. That is taking money out of the game. That is wrong."

After the Run with the Ball campaign was approved by the international board, Wood wrote in the ERFU magazine: "In other words, rugby players, no doubt because of their new-found fame, can receive an appropriate fee for appearing or talking in a non-rugby milieu. Big deal! Not, I think, a revolution or the end of an amateur sport."

The second area in which his name is always mentioned is as an after-dinner speaker. There are those who are self-deprecating, those who tell a string of jokes, and those whose humour is at the expense of others. Wood belongs to the last group. "No one doubts his intelligence," he said of a well-known rugby official. "It's just that no one ever mentions it."

On another occasion, he stood up after a lacklustre speech by the club chairman and asked: "How did the charisma bypass operation go?" Such irreverence could be dangerous coming from a paid official of the ERFU, so it is a measure of the esteem in which Wood is held that his victims bear no grudges.

Wood retires, aged 65, in 1995. If he carries on for the next three years as sure-footedly as he has done for the past six, a significant reward would be in order.



Winning strategy at Twickenham: Dudley Wood, the ERFU's secretary

Sailing/**Keith Wheatley**

Spending millions on espionage

THE "S-words" are on everyone's lips in San Diego. Spying and spending are the live issues as America's Cup XXVIII reaches the half-way point. Intelligence-gathering against rival teams has reached the point where the US Coastguard has begun to bang syndicate heads together. Local commander Al Boty called a summit to warn the yachtsmen that ramming and barging between tenders and chase boats had become so dangerous that the USCG would not hesitate to intervene. At one point, the Japanese tender crashed between the spy boat *Gazzini* and the *Nippon* yacht when the former came within 15 metres.

The *Gazzini* has blackened windows and the crew are never seen on deck. It is chartered to Bill Koch, owner/skipper of the *America3* defence campaign. Koch admits openly that the vessel is the intelligence arm of his four-boat, $60m (£34m) attempt to keep the cup in America. Indeed, many of his 200 employees are research scientists.

It is accepted that the *Gazzini* fires a laser and range-finder at "target" yachts to measure performance. This data is then "raced" within a computer against the known performance of the *America3* yachts – the hi-tech equivalent of watching your opponent train. Where the matter becomes contentious, though, is the allegations that the *Gazzini* is using a Star Wars technique known as "tempesting" to capture data off the on-board computers of rival yachts. In the last years of the Cold War, western agencies such as the NSA and GCHQ certainly had such techniques, and they were deployed in the Gulf War.

"Data screens use impulses to form print-outs," said Bill Trenkle, operations manager for Dennis Conner's team, *Stars & Stripes*. "There is firm speculation that *America3* have instruments to read your screen on one of their own." Conner is battling Koch, with little success, for the right to be the cup defender.

Modifications to Stars & Stripes proved so disastrous that Conner had to ask Koch's permission for extra lay-days to put the yacht back to its previous rig and keel set-up. The white-haired Koch and his sailing mentor, Buddy Melges, have developed a fine double act at their rival's expense. One duet at a recent news conference ran thus.

Koch: "Our philosophy is not to grind Dennis's nose into the mud and pound on him."

Melges: "Isn't it?"

Koch: "Our purpose is to have the best possible racing in the trials and go on to win the America's Cup."

Melges: "Then go grind his nose in the mud."

Among the eight challengers, a clear Division I and II have emerged after two round-robins. Barring divine intervention New Zealand, France, Italy and Japan will make the semi-finals and Australia (two teams), Sweden and Spain will not. The linking factor is that the first four have built at least three yachts and spent a minimum of $30m each, while the losers have only a single boat and minimal budgets.

Now, the Italian *Il Moro di Venezia* group (five yachts and a dollar spend of close to nine figures) has upped the ante still further with a revolutionary sail development. *Carbon-fibre sails* were the breakthrough unveiled by *Il Moro* for the third challenger round-robin starting today. Skipper Paul Cayard says they are stronger and lighter than the Kevlar weaves now in use.

In order to maintain maximum secrecy, *Il Moro has been testing the* new sails at dawn and dusk over 20 miles offshore. If they work, the extra strength should reduce distortion as the sail wears, while extra lightness aloft reduces the boat's inertia and improves performance in choppy conditions. "It's the most important innovation in *sail*-making since Kevlar replaced Dacron over 10 years ago," says Cayard.

No such breakthrough stays unmatched for long, though. Koch's sail designers have announced their own version of an ultra-light new fabric, consisting of long-chain polymers. Koch, a scientist by training, says the molecular structure is unique in terms of aligning itself to the stresses within the sails. The material was used for the first time in a race on Thursday.

The *Il Moro* team has already spent around $60m (with more to come), built five yachts (more than any other challenger in the cup's 141-year-history), and showed that it has no fear of a cheque-book race. Nevertheless, Raul Gardini, its head, is advocating a pan-European defence should either the Italians or French win the cup from the San Diego Yacht Club in May. Interestingly, *Il Moro* races under the EC flag rather than the Italian tricolour.

It remains to be seen if this is a portent or merely a signal of Gardini's *pique at being deposed from the chair*manship of the Ferruzzi group last summer. Anyway, before the cup can become the subject of any kind of Brussels committee meeting, the New Zealanders must be deposed from the head of the challenger table, where they sit five points clear of Italy.

Motoring

Japanese invade Geneva

GENEVA'S *salon de l'automobile* is the first big European motor show of the year. Switzerland makes virtually no cars of its own and is a completely free market in which all vehicles compete on level terms. So, a visit to the show is as good a way as any to take the temperature of the industry. This year, it is the Japanese who are making the running and most of the news.

Toyota has chosen Geneva *for the world premiere of its* new Carina E. This is the car that will start rolling off the assembly tracks next December at the green-field factory nearing completion at Burnaston, Derbyshire.

The Carina E is a four-door saloon or five-door hatchback, elegantly though practically aerodynamic, with a choice of 1.6 or two-litre, multi-valve, four-cylinder petrol engines and a two-litre diesel. It looks *rather like its up-market relatives*, the Lexus and Camry.

Toyota says the Carina's "E" tag stands for "excellence in Europe" and stresses that it was created to suit European tastes. It forecasts, almost certainly correctly, that the car will prove a formidable rival to such established Euro-favourites as the Vauxhall Cavalier (Opel Vectra), Ford Sierra, Peugeot 405, Rover 200/400 – and that product of the first Japanese motor industry transplant in Britain, the Nissan Primera.

European buyers will not have to wait for the British-made cars. Japanese-made Carina Es will start to go on sale from May and prices are likely to be in the £11,500-16,000 range. An estate version is in the pipeline.

Another Japanese world debutant at Geneva is the Honda CRX. This is not just a Civic-derived sporting hatchback but a completely new vehicle that seems bound to make its mark in the niche market for open-top fun cars.

Honda says that the CRX is not a backward glance at open sports cars of bygone days (a dig at the Mazda MX-5) but a technically-innovative package, although the running gear comes from the latest Civic. Buyers can have 1.6-litre *engines of 125 or 160 horse*power, five-speed manual gears or a four-speed automatic.

The CRX's rigid roof panel lifts off and stows under the boot lid – power operation will be an optional extra – and the rear window retracts electrically into a well. It reaches Britain in June, where it is expected to cost about £16,000 upwards. By that time, Honda's *glamorous* new Prelude 2+2 coupé, seen first at the Tokyo show last October, will have been on sale in the UK for some weeks.

The 2.2-litre, 160-horsepower Prelude, with electronic four-wheel steering, handled brilliantly when I tried it on the serpentine minor roads of Spain's Costa Brava last month. British prices will be £16,495 for the 2.0, which has ABS brakes but conventional

Stuart Marshall visits Europe's first big show of the year

steering; and £18,950 for the 4WS, 2.2-litre model which – like the 160 bhp CRX – comes with a driver's side airbag.

Mazda, which of late has made a speciality of filling market niches with entertaining cars like the MX-5, MX-3 and, more recently, the MX-6, has pulled yet another one out of the hat for Geneva. The Xedos 6 (Xedos is the name by which the poshest Mazda models will be known in future) is pitched at the sporty saloon sector dominated by BMW, Alfa Romeo, Audi and Lancia.

Britain will have it from early summer with a choice of engines: either a two-litre, quad-cam V6 or a twin-cam, 1.6-litre, in-line four-cylinder. Like so many of the latest Japanese cars, the Xedos combines curvaciousness with good aerodynamics and is almost austerely undecorated.

Sporty challenger: Mazda's Xedos 6 is pitched at the posh end of the saloon market

Although the Japanese makers' presence at Geneva has never been *stronger*, European and US makers are not letting them have it all their own way. Renault is unveiling its Safrane executive-class car to replace the 25. Although by no means a bad car, the 25 never sold well in Britain: but it was very popular in France with business motorists and taxi operators who could not afford a Mercedes.

The Safrane has cross-mounted V6 or in-line four-cylinder engines, power-adjustable rear seats, and a hard-to-steal CD hi-fi system with remote control that eventually will be combined with a hands-free mobile telephone. It comes to Britain in August.

Alfa Romeo is showing the new, front-wheel drive 155, which has some similarities with the Lancia Dedra under the sheet metal but uses Alfa's own two-litre Twin Spark four-cylinder engine or a 2.5-litre V6. *British sales start early in* summer and a 1.8 Twin Spark joins the range toward the end of the year.

BMW unveils its new three-litre (218-horsepower) and four-litre (287 bhp) V8 engines. They will start to replace its veteran but silky-smooth in-line sixes, initially in the 7-Series and then the 5-Series. Citroën's stand features the first of the ZX models with *automatic transmission*.

No Geneva salon is complete without novelties, and two eye-catchers are shown by General Motors. "Ultralite" is a high-efficiency concept car with – pedestrians and cyclists beware – entire body sides opening as a pair of gull-winged doors.

GM's Opel "Twin" is a supermini with interchangeable electric motors and petrol engines. A rear-mounted drive module contains either a 34-horsepower, three-cylinder engine or a pair of 14-horsepower electric motors, both with a transmission and either a petrol tank or battery pack.

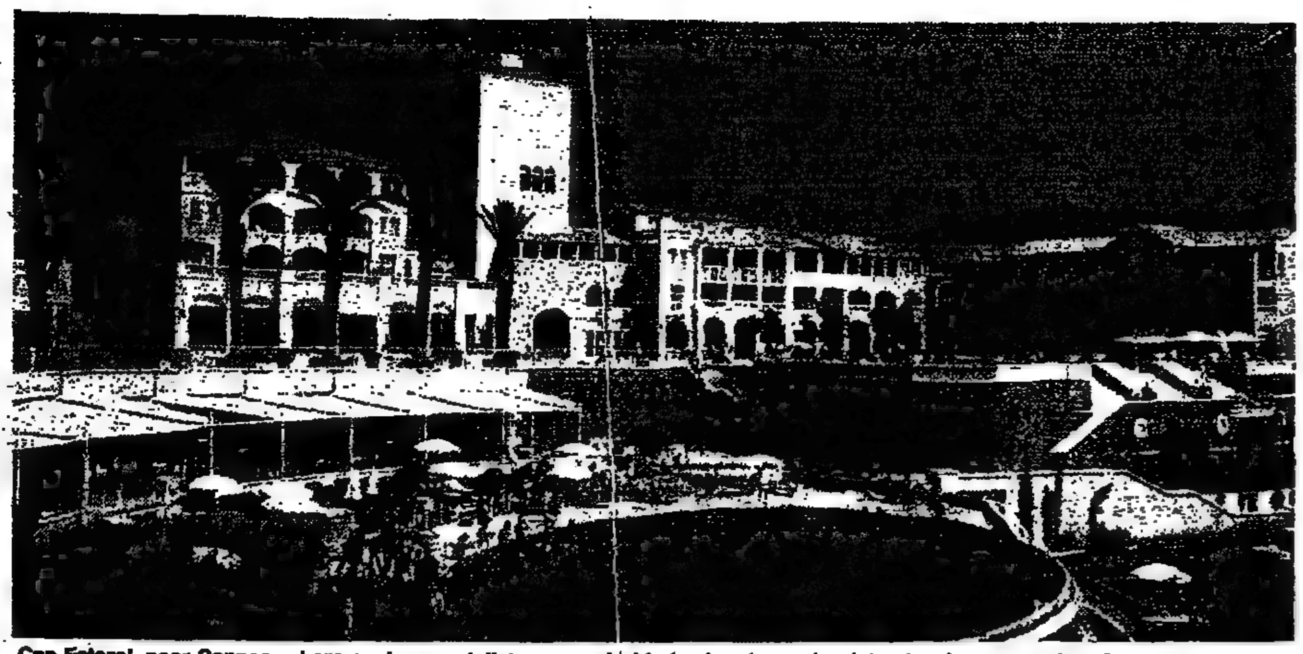
The idea is that when internal combustion-engined cars are banned from city centres, you drive to a GM dealer. He whips out the petrol engine module and replaces it with a battery-electric – "just like that," as the late comedian Tommy Cooper would have said. And when you leave town to drive home, he changes it back again. All you do is pay a rental charge.

GM says its engineers have achieved an average 106 mpg (2.66 l/100 km) consumption with the 800 cc, three-cylinder engine matched with a six-speed automatic transmission. As a battery car, it is said to use only 11.5 kilowatt-hours of energy every 100 km (62 miles). The show exhibit is not a runner but GM plans to build one if public response justifies.

Ford's Ghia Connecta electric car uses technology from the Ecostar delivery van. A fleet of 100 Ecostars goes into experimental service with customers in Britain and the US next year.

It is, however, hard to see interesting concepts like the Connecta – even more so, the GM Twin – ever getting beyond the prototype stage unless two things happen. High-efficiency batteries must become much cheaper and the law must allow only zero-pollution cars in urban areas.

FRENCH PROPERTY



Cap Esterel, near Cannes, where environmentalists succeeded in having the scale of the development reduced

Leaseback pioneer hits environmental snags

'Greens' make life tough for leisure leader, reports ***Audrey Powell***

TRAVELLING around the coasts and ski resorts of France, you might have noticed the name Pierre & Vacances. You might even have thought it rather odd in translation: Peter and Holidays.

In fact, it is not really translatable. "Investment in leisure" is probably the closest you get, for the group is a leading French leisure/property developer and tour operator. On the one hand, it builds and sells holiday properties; on the other, it rents them out. It is expanding into Spain and Portugal and has just opened an office in London (071-495-2414).

The group's interest in leisure began in the 1960s when, during a period of tremendous expansion in the industry, it created the traffic-free resort of Avoriaz in the French alps, offering apartments and facilities for holidaymakers.

It then undertook their management for private owners and institutional investors. As it increased the number of its developments, it provided a growing range of services for owners and now has 100 complexes in 50 locations in France, representing 20,000/25,000 apartments and 72,000 beds available for letting. Overall, the average price of its apartments is £60,000, although it has villas on the Cote d'Azur at up to £1m.

Surveys by the group showed that people who bought holiday apartments used them for only four to eight weeks a year. So, leaseback was born. If a buyer wishes, he can pay 30 per cent less for an apartment, furnish it, and lease it to the group for 11 years. During that time, he can use it himself for six weeks annually. He has no maintenance or management charges to pay and P&V guarantees to hand the property back at French government "three-star" standard.

The group has sold 15,000 of its apartments under leaseback (of which there are variations), although many buyers still prefer outright ownership and the freedom to use their property when they choose.

P&V has a range of resorts and complexes in the mountains and along the Mediterranean coast, while others are appearing on France's Atlantic coast and in the Channel area. It plans its apartments carefully. There is a warehouse near Paris where mock-ups of new designs are built and tried out and where there are experiments with finishes and furnishing.

The group's integrated resorts may have restaurants, hotels, swimming pools, tennis, riding, perhaps a lake for water sports. A number have golf courses, including Port Bourgenay on the Atlantic coast. Built as a seaside village in 290 acres, it also has a small marina and a sandy beach. Three-bedroom terrace properties with views over the fairways cost £89,000 for outright ownership and are available now. Apartments start at £33,000 for studios (outright ownership) or £22,900 (leaseback). Available in June.

Aiguemer takes in 225 acres on the shores of the St Tropez peninsular. Its 18-hole course will run alongside the beach and a selection of properties is being built there. One-bedroom apartments are from £77,000 (outright ownership) and £45,000 (leaseback) while two-bedroom golf houses are £132,000 (outright ownership). The completion date is 1997.

There are various similar projects in hand by P&V, a private group of companies in which the Bremond family still holds nearly 80 per cent. Partners include Credit Agricole, Credit Foncier and the insurance group Axa. Net profit last year was something over £7m.

So is it all plain sailing for P&V? Not quite. Some people say leaseback is not a good system in times of recession and that units could be difficult to re-sell part-way through a contract. The group disagrees and says: "Of course people can re-sell" – but they have to do so subject to the rental contract, or negotiate another. It adds that, normally, there is somebody quite happy to buy within the contract.

P&V has another problem: the "green people," as staff call environmentalists who claim it is spoiling the landscape. For obvious reasons, the group's leisure developments are in attractive areas and some of the sites are large.

Permission for a golf course can lead to a lot of housing around it and the environmentalists have been objecting. A new resort, Cap Esterel, a short drive from Cannes, spreads over 500 acres. It has a golf course, swimming pool complex and Provencal-style village, with shops. But the greens protested to the authorities and the planned 18-hole course was cut to nine. The number of residential units has been reduced and an area of the development "frozen" for building.

Another project, at Gassin near St Tropez, was to have had a 27-hole course, town houses, villas, apartments, a 40-bedroom hotel and swimming pool. Development had been under way for a year when green protests resulted in planning permission being revoked. P&V has appealed.

There were objections, too, about Aiguemer, and the group appears to have taken these to heart. Advance drawings of the project show the properties wreathed in flowers and creepers and a landscaping company has been brought in to find a succession of plants that will provide flowers and greenery thoroughout the year.

Now, P&V appears to be changing tack. It has taken a 5.6 per cent (likely to be increased) stake in the 4,000-acre Sotogrande estate in southern Spain and says it will be responsible for running the estate and future development.

The opportunity came with a change of ownership of Sotogrande, which has been taken over by the Spanish company Cofir. There are ambitious plans to bring the estate "alive" by building an inner lagoon and marina and a large number of town houses and apartments. There will be two new golf courses and more villas inland.

P&V's joint managing director, Michel Gasteau, says the group will be starting leaseback at Sotogrande next year. It also has other plans in Spain and has been discussing a joint venture involving apartments with a bank. Meanwhile, Cofir is involved in Vilamoura, on Portugal's Algarve coast, and P&V also plans to move into Portugal as well as increasing its sales network in Italy.

So, is P&V being driven out of France by environmentalists? Sales manager Francois Mautaint denies this although he admits it is becoming more difficult to get permission for beachside locations there. But the group was becoming international and in no way retreating from France, he said.

Quiet corners with bargains galore

THE FRENCH property market in Britain is more lively than at the end of last year. Busier with people looking, at any rate.

For those who may feel they have heard enough of popular areas, we asked agents to suggest some lesser-known corners of France in which to look for a tranquil hideaway.

Try Ariège, in southern France, says one. He has a converted mill there, with the mill house on three levels. It has a living room with exposed beams, four bedrooms, central heating and views over the mountains. The mill race runs under the mill and emerges through a stone vault.

The attraction of Ariège? "A nine-mile drive along narrow roads, followed by a three-mile walk on a footpath (or a cross-country ski over a few peaks), will get you to the borders of tax-free Andorra, or Spain." Almost three countries for the price of one. The price of the mill? Barbers (071-381-0112) is asking £70,000.

Water mills seem to be in fashion this spring. Another agency suggests one on the edge of the Charente, between Confolens and Limoges, set in 17 acres of rural land. The mill, plus cottage, face a lake. A fast-flowing stream feeds the lake and the waterfall could drive a generator.

There is a living room, three bedrooms and central heating in the mill, and two bedrooms in the cottage. "A quick purchaser might get a bargain for under £100,000," says Waterside Properties International (081-944-0400).

Head for south-west Lot-et-Garonne, near the Landes forest, advises Michael Treganowan, of the French Property Shop (0892-852-449) "The area has strict regulations about commercialisation and its peace is assured. It is relatively unknown, free from tourists and property prices are realistic."

He picks a farmhouse in 12 acres in the heart of a pine forest on the edge of the Landes region. There is a large living room, study, four bedrooms, central heating, garage and an independent stone building for renovation. For day to day needs, a village is about a mile away. Price: £74,000.

The agency has nearly 400 more properties on its books this season, passed-on by French associates who seem optimistic that the British recession is all but over.

Caroline Jenkins used to be conveyancing manager with a London estate agency, selling French property. She is now with a firm of notaries in Frejus, on the south coast of France.

She says there are bargains to be had in the little-known villages just inland from Frejus, with most vendors open to "discussing" the price. The properties may need renovation but some are only half an hour from the beaches and can be found for between £35,000 and £45,000.

They are often on two or three floors with not more than two rooms per floor. "But it makes a change from the flats sold with their own mooring overlooking the port, most of which are fetching over £100,000," she points out.

One Frejus agency, Europazur (tel: 94 51 55 88), which is English-speaking, has properties from £24,000. This would buy a balconied, two-room, second-floor flat in the town, just over a mile from the beach. A three-bedroom village house might be £40,000.

Agence Immobilia, at Bagnols-en-Foret, 20 minutes from Frejus, can offer a four-room house with roof terrace in woodland for £30,000 (tel. 94.40.61.54). A main street house for restoration within the village could be the same price. This agency is not English-speaking but Jenkins (office tel: 94 51 00 05) would act as interpreter, if necessary.

The £70,000 Ariège mill: three countries for the price of one

A.P.

Paying without pain

MANY BRITONS who buy in France do not speak the language and this often leads to difficulties with bills and correspondence. French addresses can be confusing. Which slip do you put in with the rates, electricity, water and telephone accounts? Writing a cheque on your local bank might seem simple enough – but not if you do not know the French words for the amount.

To cope with all this, London estate agency Rutherfords (071-351-4454), which sells French property, runs an administration service. For £110 a year, you can pass over your correspondence and it will tell you how to deal with each item.

Not paying a bill might mean having a service cut off. There was a man who thought a huge electricity account at his French property was a mistake. The agency looked into it – and found that he had forgotten to turn off the electricity. He had also left the refrigerator on – with the door open.

A.P.

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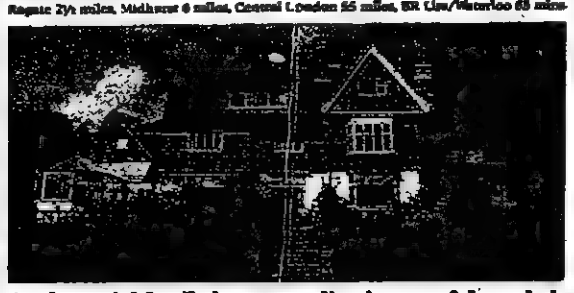

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GARDENING

Count on pig-power to spring some surprises

*For horticultural health and strength, **Robin Lane Fox** takes delivery of a load of his favourite old-fashioned manure*

THE crocuses are spectacular in the sunshine; the catkins on my Italian alders are dropping pools of yellow pollen wherever I put them as cut flowers. It is not for this reason that I know spring is round the corner: I know it because the pig manure has come.

So, I fear, do quite a few others. On Friday the electricity board sent its man to read the meter; he was duly impounded by the man who had already settled in upstairs to test the burglar alarm; both of them then set off the alarm without realising it. The police arrived and took them by storm.

No sooner had the police parked their car than the usual young man arrived with his annual tractor-load of urine-free pig manure, which he dropped with his usual care in its usual place – which happens to be directly behind the police car's parking space. It has been hard to persuade the boys in blue that I do not have serious unidentified enemies; people, perhaps, for whom the Unauthorised Version has set alarm bells ringing, considering it all a load of, well, peat-free, shredded high-nitrogen soil conditioner.

Horticulturally, this particular soil-conditioner seems to work like explosive. It is much too strong for legumes, beans, young seedlings and sweet peas. It is not too strong for roses, which seem to love it, and it adds a new depth of colour to the cheeks of a hosta with fleshy leaves.

I look with amusement at the polythene packs of "compost" – nearly 10 times as much each – from garden shops. My treated manure is peat-free and pre-crumbled, but it costs only £50 for a big load and lasts for a season.

It adds both texture and tang to shrubs, hedging plants and anything for which you need to break up the sub-soil with compost before planting. It never becomes wet or soggy, and you might even mistake it for lightly-mixed chocolate cake unless you approached it downwind before the first ardour had cooled.

This weekend, the last thing that ardent planters should be doing is to cool off. Whether or not they live near a pig farm, they have a great chance to plant bare-rooted stocks before garden centres pot them up into big litre pots of peat and sell them as if they were twice their real size and worth twice the money.

My routine for bare root planting is simple: a fork, a crowbar, a bucket of water and a barrow of vintage *cochon*, '91. It has all the nose and ability to open on the

scenting-buds which Edmund Penning-Rowsell, *Weekend FT's* wines expert, admires in the finer châteaux. It will be admirable for my remaining old-fashioned roses and the named delphiniums which have been sitting around since the dry summer.

The crowbar is necessary because of my eccentric soil. In the post-glacial era, my soil acquired a layer of round stones at a depth of only a few inches. If punctured, this lateral beach gives way to a light, open subsoil which drains quickly and mixes wonderfully with manure. The matter of planting, however, involves tenacious thumping with a crowbar in most of the garden in order to break through the earth's crust.

Fork, water and manure are of more general value. The fork will break up the lower soil: if you are planting a tree or shrub, you must dig a larger hole down than the roots require and, even then, break it up and mix in some manure. In due course the roots will run downwards into an unexpected heaven. The water allows you to soak the bare roots of everything for an hour or so before you plant it. Recently, spring has been extremely dry; from now on, I would not plant bare-rooted stock directly from a carrier's package.

It is on hedging that I most notice piggish influence. Box and yew appear to revel in it; so does my particular favourite, the evergreen Osmanthus.

Osmanthus Burkwoodi is now a correct name for the old Osmarea: if you space plants about three feet apart it makes a thick hedge of olive green leaves to a height of about six feet, with as much of a girth as you allow. The colour is almost Mediterranean, and a heavy dressing of pig manure helps it to shine.

Next month it will be covered with white tubular flowers of quite a different scent: to enjoy them, you must prune it only in the week or two after flowering. Longer growths may tempt you this weekend, but if you cut at the wrong time, you will lose the flowers.

Under hostas, pig-power is unmistakable. I would urge everyone to try a bag because it works such wonders on leaves. The blue and yellow-leaved forms are all very pretty, but there is one variety which is in a special class for careful gardeners. Hosta plantaginea has sweet white scented flowers above plain green leaves in August. Edwardian gardeners used to plant it on the shaded side of a house where they could enjoy the scent in high summer. I will be copying them, adding manure for special effect.

In five months time, it is hard to imagine that gardens will be looking tired after a hard summer. I am anticipating hostas with a sweet, fresh scent, but only because I will have packed them this weekend with a pungent, throaty layer from the pigsty.

Anyone can start a colony

Arthur Hellyer picks out some of the prettiest perennials for spring planting

THE COMMON montbretia is usually regarded as rather a weed; a plant very easy to get into the garden, but much more difficult to get out.

It makes a mass of running roots with little bulbs – more accurately, corms – along their length. Some are almost certain to get detached if one tries to dig a plant out, so any one is capable of starting a new colony. The flowers, widely-flared yellow and bronzey-red tubes on slender branched stems, are pretty enough in late summer and early autumn, but the plants are so dense and invasive that they often overrun more valuable things. There comes a time when one regrets having ever planted this particular montbretia.

But while the common type may not be very attractive, it is not characteristic of the family as a whole. Botanically these plants are no longer called Montbretia, but crocosmia; they include several valuable late-flowering herbaceous perennials which are all suitable for planting in spring.

Indeed, they are often included in spring bulb lists, although the most satisfactory way of obtaining them is not as dry corms but as growing tufts, ready to start away directly they are put into the soil. None of these montbretia relatives is anything like such an overwhelming plant as the common kind. Some are even a little tender, and need to be treated with respect.

This is certainly true of what I regard as the most beautiful of all, Crocosmia masonorum. This has erect, sword-shaped, prominently ribbed leaves which are attractive in themselves, and the slender yet rigid flower stems curl over at the top to display, almost upside down, a short spike of closely packed reddish-orange flowers. There is also a new all-yellow variety named Rowallane Yellow, which is being released this spring by Bressingham Gardens, Bressingham, Diss, Norfolk.

In its habit, Crocosmia masonorum is immediately recognisable from the rest of this family, and it has passed on some of its character to a series of fine hybrids made by Alan Bloom of Bressingham Nurseries, who used this plant and another species named Crocosmia paniculata. Just to get things really tangled up, Alan Bloom uses the old name for this plant, Antholyza paniculata, so do not be surprised to find this name in the Bressingham Gardens catalogue.

It is another fine plant, taller and stronger growing than C masonorum, making big clumps but without the tendency to ramble all over the place like the common montbretia. I like it very much, both as a foliage plant and when bearing its small spikes of deep scarlet flowers in summer. The flower stems bend over at the top – but not quite so far as those of C masonorum – so that the flowers actually face upwards. It has passed on this habit to some of the Bressingham hybrids which tend to have larger individual flowers but not be quite so tall.

Probably the best of the lot is Lucifer, also a slightly lighter shade of red. This is a first class border plant and also a very good cut flower and, with me, it has always proved to be completely hardy. So, I must add, has Crocosmia paniculata, though years ago it used to be treated as if it were a little tender and given sunny sheltered places.

Other members of these Bloom hybrid Crocosmias include Emberglow, which is shorter in growth and has duskier flowers which Alan Bloom describes as burnt orange-red; Bressingham Beacon, which has orange and yellow flowers; and Jennie Bloom, with smaller but very numerous, deep yellow flowers with more of the typical montbretia character.

Yet another hybrid, but from a different source, is Severn Sunrise. This was raised by Vera Cattermole and Paul Durrant, who used to work for Bloom's Nurseries. This crocosmia appeared as a chance seedling in their nursery in Wales so little is known about its parentage, but its appearance suggests that the seed came from one of the Bloom hybrids. I have not seen it but Bloom's Nurseries, which sells it, describe it as "glowing orange subtly tinged with pink as the flowers fade, compact and ideal for the smaller garden."

Which brings me back to what gardeners still call montbretias. There are still some very superior varieties that, far from taking charge of the garden, tend to disappear in winter unless they are dug up in the autumn and over-wintered in a frame. This I have found true of varieties such as His Majesty, Queen of Spain and Star of the East, which all have widely-flared flowers of very good size and quality.

It has also been partly true in my garden of Emily McKenzie, a fine variety that is widely available and seems to grow well in many places, but which with me lives for a year or so and then fades away. I do not know why. But there are some good varieties that do seem more reliable, two of the best being Citronella and Solfaterre. The former has small but numerous yellow flowers and makes a good clump of narrow, typically montbretia leaves, the whole plant 2 ft or little more in height. Solfaterre is remarkable for having bronze leaves and pale apricot yellow flowers. Neither seems to have any inclination to behave aggressively.

Some of the failures with these plants may be due to drought. Certainly, in dry places leaves do tend to wither in summer but I have never been sure that this is not due to disease. Certainly, it is possible to see crocosmias of all kinds growing surprisingly well near water.

Plant of the Week

Stachyurus praecox

The flowers of this remarkable Japanese shrub look like little bead curtains hanging from the bare branches in stiff, three inch long, light yellow trails. These upside down spikes (strictly racemes for the little flowers have very short stalks) are formed in the autumn and remain fully exposed all the winter until the flowers actually open some time in February or March, yet they rarely get damaged and the bush itself is perfectly hardy. It has large, broadly lance-shaped leaves which are pleasant without being remarkable. It likes peat but does not seem to object to some lime in the soil *AH*

BOOKS

Fiction inspired by witch hunts and floggings

Anthony Curtis admires a great New England novelist

THE SAVAGE vindictiveness of the 17th century Salem witch-hunt, so well dramatised by Arthur Miller in *The Crucible*, left its trauma on the high-minded descendants of its perpetrators. The notion of predetermined guilt, of an ineradicable stain, is the key to the Romances and many of the shorter tales of the great New England novelist, Nathaniel Hawthorne. Two new books show how the guilt that afflicts so many of his characters is related to historical events.

A scholarly biography of Hawthorne by Edwin Haviland Miller, professor of English emeritus at New York University, focuses to begin with on two of Nathaniel's forebears. William Hathorne – as the name was originally spelt – settled in Salem from England in 1636. William was a soldier and a merciless judge, who once ordered an offending Quaker woman to be stripped to the waist, tied to a cart, and then flogged as it moved through the streets. It was his son John, an army colonel and a magistrate during the trials of the 1690s, who meted out equally cruel punishments to Salem women accused of witchcraft on the flimsiest, most contrived evidence.

In making fiction out of the excesses of his Puritan ancestors, Hawthorne anticipated the technique of a modern movie-director. He was a master of crowd scenes, as in *The Scarlet Letter*, and of a subtle choice of camera-angles as in his most enchanting book, *The House of the Seven Gables*, where he tracks in and out of the various rooms in the house and highlights its curious structure containing relics of one prominent New England family – his own – over several generations.

SALEM IS MY DWELLING PLACE: A LIFE OF NATHANIEL HAWTHORNE
by Edwin Haviland Miller
Duckworth £25, 596 pages

NATHANIEL HAWTHORNE: TRADITION AND REVOLUTION
by Charles Swann
Cambridge University Press £35, 284 pages

Hawthorne's favourite trick is the dissolve. He uses it incessantly in his work to show how past impinges on present. In *Gables*, he transports the reader from the founding generation to the present villain, Judge Pyncheon, who reincarnates Hawthorne's ancestor. Pyncheon is shown tyrannising his feckless cousin Clifford. This gentle aesthete likes to do nothing better than blow soap-bubbles – an instance of Hawthorne inventing an image of the kind of old man he felt he might easily become, but in fact did not.

Miller's book is strong on this family context. When he turns to interpreting the texts, he opts for the straight Freudian explanation of Hawthorne's sometimes painfully revealing obsessions. Hawthorne's sailor father died at sea when the novelist was a small child; he became fixated on a mother, who withdrew into a world of her own. Then, after a long engagement, Hawthorne married Sophia Peabody, who gave him the abundance of affection his childhood had lacked. Sophia's older sister, the spinster Elizabeth Peabody, achieved her immortality when she became Miss Birdseye in Henry James's *The Bostonians*.

The Hawthornes lived at different times throughout their happy marriage in Salem, Concord and Lenox. Sophia produced two daughters and a son, all of whom whom she adored second only to her husband, whom she thought of either as the Adam of a new Eden or as a reincarnation of the sun-god Apollo. For a while he was adored, too, by Melville, who dedicated *Moby Dick* to Hawthorne – a passion not returned. Hawthorne's oedipal subconscious drives were firmly focused on the female maternal breast so prominent in *The Scarlet Letter*, where the heroine's is branded with a capital A.

Charles Swann of the University of Keele, in his critical study *Nathaniel Hawthorne: Tradition and Revolution*, thinks the psychiatric couch approach to Hawthorne has been much over-done. He finds a fascinating wealth of evidence of Hawthorne's imagination drawing sustenance from the troubled of past of New England, and he discerns in some of the works a spirit of inquiry into the nature of fiction. Swann dissects at great length, and with breath-taking subtlety, *The Marble Faun* in the light of the Christian notion of the Fortunate Fall. He also examines it as a classic case of an unfinished work.

Both writers are in no doubt as to the importance of some of the uncompleted posthumously published material which has become available in recent years – *The Elixir of Life* manuscript, and the less well-known tales, now all gathered together in the *Tales and Sketches* volume in the Library of America series. Each offers an interpretation of that strange tale, "The Appeal of Alice Doane" which opens on Gallows Hill, Salem, on a pleasant summer afternoon in the present. Then, in a typical Hawthorne dissolve, the setting reverts to being the dreaded site of execution in the 17th century. A procession of those who have been hanged comes into view, followed by a long line of their accusers. Isolated in the rear on horseback is Cotton Mather "... proud of his well-won dignity, as the representative of all the hateful features of his time; the one blood-thirsty man, in whom were concentrated those vices of sprit and errors of opinion, that sufficed to madden the whole surrounding multitude". That was a stunningly brave denunciation when Hawthorne penned it.

Hawthorne's books sold only moderately well in his lifetime. He was haunted not merely by the past, but also by his creditors. He had been a class-mate at Bowdoin College of Franklin Pierce, whose career was in government. That led to Hawthorne's preferment to lucrative jobs at the Boston and Salem Customs Houses. It was in the Boston one that he discovered the original embroidered scarlet letter which set in train his book. Or so he said.

When Pierce stood for President, Hawthorne wrote his campaign biography at his friend's request, but to the dismay of those who hated the candidate's anti-abolitionist views. Hawthorne was rewarded by being made American consul at Liverpool at the age of 49. It was a grimly uncongenial place for a fastidious New England family searching all the while for Bunyan's Celestial City: but they survived it. Hawthorne amassed a small fortune in shipping fees, enabling him to retire to Italy after Pierce failed to be re-nominated for a second term as President.

It was during their stay in Rome that Hawthorne's older daughter Una contracted near-fatal malaria, never fully to recover, and the decline in his fortunes began. Back home in New England he suffered a complete crack-up. It is a moving story – well told here by Miller on a broad canvas, with many of the minor characters, like the transcendentalist Margaret Fuller and the publisher James Field, neatly etched in. In spite of stylistic archaisms, Hawthorne remains capable of an incomparable richness of texture which both these books help us to appreciate more fully than hitherto.

Low life on Broadway

IT IS a mixed blessing for a writer to have an *-esque* appended to his name. On the one hand, it is a sure ticket to immortality, an easy entry into general parlance. On the other, it tends to ensure a trivialisation of the work, an emphasis on certain superficial qualities at the expense of the core. This is surely the case with Damon Runyon. If someone refers to a robber who locks his keys in the getaway car as being Runyonesque, just about everybody gets the point. Yet who still reads Runyon's quirky short stories of the lovable lowlifes who inhabited Broadway during the Roaring Twenties?

Jimmy Breslin's study of this remarkable writer does much to redress the imbalance, painting a vibrant portrait of a man equally representative of his times as more enduring writers like F. Scott Fitzgerald. Runyon was born in 1880 in Manhattan – Manhattan, Kansas, that is, a frontier backwater about as far from Broadway as you could get. His father was a drunken newspaperman who travelled with the US Army in the Indian Wars. Runyon was forced to look after himself after the early death of his mother, landing his first reporting job at the age of 12, covering hangings, fires and prizefights for a Colorado newspaper. By 18 he was sending back dispatches from the Philippine War, by 25 he was a well-respected journalist who had also published a few short stories. But it was not until he landed a sportswriting job with Hearst's *New York American* that he really hit his stride. While others were dutifully reporting scores and quoting managers, Runyon would trail the team drunk on his early morning exploits, earning him an entrée into the Broadway netherworld that was to become his milieu for the next three decades.

DAMON RUNYON: A LIFE
by Jimmy Breslin
Hodder & Stoughton £17.99, 410 pages

It was a career packed with astonishing incident. At one moment we see Runyon gaining an exclusive interview with Pancho Villa (in which he met the 12-year-old housegirl who was to become his second wife), the next has him trading jibes with Al Capone or Bugsy Seigel. In the one of the book's most remarkable episodes, Runyon is able to avenge himself on his wife's lover, a mediocre boxer, by using his journalistic pull to arrange a fight between the lover and an up-and-coming Joe Louis. Every night he would prowl Broadway, picking up bits and characters that he would later turn into countless short stories, many of which would subsequently be made into movies such as *Little Miss Marker* (which launched Shirley Temple), *The Big Street* and, posthumously, *Guys and Dolls*. As Breslin notes, "the night gave Runyon material; he got it the only way you can, by hanging out with people for hours."

Breslin, New York's most famous living newspaperman, is a fitting biographer for Runyon, sharing with him both a love of the city's streetlife and a distrust for those in power. Here, he employs a breathless, anecdotal style that proves a far more apt mirror to Runyon's life than the more sober tones of a conventional scholar. His description of a dank newsroom is more useful than a hundred old photos: "Yellow flypaper strung from the ceiling, leaving those searching for a word with dead flies for inspiration." Breslin also possesses a wonderful sense of irony about the workings of New York itself, a city founded on larceny both grand and petty that manages nonetheless to maintain its charm and scruffy humanity. A Runyonesque city, that is.

Breslin never romanticises his subject, however. From the moment we see our pre-teen hero sitting hand-in-hand with a whore to watch a lynch victim swing in the evening breeze, Runyon comes across as a cold fish indeed, a merciless observer who neglected wife and children, a ruthlessly ambitious writer whose steely blue eyes took everything in while giving precious little away. Perhaps it was for the better, though. After all, not many men could hang out with Al Capone and live to write about it.

Stephen Amidon

Sybil of the 'pelvic truth'

MARTHA GRAHAM died last year at the age of 96. She was central to the creation of American modern dance as performer, teacher and choreographer. Whether we may separate the dancer from the dance, and understand Graham best as a supreme performer whose creations were a vehicle for her genius in movement, is a matter critical opinion has to address. Certainly Graham danced for far too long, making her final stage appearances when she was in her seventies. It is arguable that even 20 years before that, her performances were tinged with those hazards which make one freeze with embarrassment in the theatre. Her later works, denied her full physical presence, smacked more of formula than of inspiration. And she had by then been taken over by her other role – as sybil in what she called "the house of the pelvic truth".

MARTHA
by Agnes de Mille
Hutchinson £20, 500 pages

BLOOD MEMORY
by Martha Graham
Macmillan £20, 278 pages

By the extreme span of her longevity, Graham connected the first aspirations of free dance in America – as propounded by the quaint activities of Ruth St. Denis in the early years of this century – with the extreme experimentation of the 1960s and '70s. Indeed, she outlived her own art. Yet for more than 20 years, when the force of her dance powers fuelled her creative drive, and the integrity of her manner and that of her troupe gave physical and psychic weight to the style she had evolved, Graham was of huge significance.

It is important to stress this timescale since the value of Agnes de Mille's biography of Graham lies in the fact that the author, nine years Graham's junior and her friend for more than half a century, saw the career and life, and recalls them in writing bold and sometimes acerbic. De Mille's text is really brilliant table-talk. There are other, inordinately worthy biographies and studies of Graham, which supply more facts – sometimes more correct facts – and lengthier disquisitions about the Graham repertory. What de Mille gives us are memories of the woman and dancer, vivid, brisk – she is merciless with the dreadful Ted Shawn, husband of Ruth St Denis in a *mariage blanc* – and a passionate assessment of Graham's work, as is proper from one professional theatre artist to another. (Her description of the first performance of *Primitive Mysteries* in 1931 is a stunning re-creation of a great event in Graham's career.)

De Mille is exceptionally good in placing Graham in her time. The Neighborhood Playhouse in New York comes grandly alive, as does Louis Horst, musician, mentor, lover, and the most influential figure in Graham's story. And de Mille is not reverential about those later years when Graham was turned into an institution. The hugely-overdue end of her dancing career, the massive drinking, the reverberations from her fraught relationship with Erick Hawkins, are a sad tale. The marketing of the ancient, arthritic and face-lifted Graham, turned into something like a Bunraku doll decked out in Halston dresses and Black-glama mink, while outside forces start to manipulate the Graham troupe and legend, makes for equally sorry reading.

While de Mille was working on her text she sought her subject's help, only to be told that Graham was writing her own autobiography. This has now appeared under the suitably Graham-esque title *Blood Memory* and it is a fairly resistible offering. Of course Graham makes fascinating comments upon her work, and there are rare and illuminating photographs, but it is a fragmentary document, and featherweight anecdote is given an oracular tag-line to endow it with spurious significance. Do we need to know that a weekly telephone conversation with Betty Ford is "another example of what Emily Dickinson meant by 'an act of light'"? The text suggests the idea of the aged Graham as the Delphic pythoness being interviewed for *Hello* magazine, and ever ready to drop a name, be it Margot Fonteyn or Madonna. There is a cast of thousands, from Lotte Lehmann to Ted Shawn (whom Graham recalls recruiting young men by asking them to send nude photographs of themselves). This is the Martha Graham given to dire and winsome statements and surrounded by the beautiful people. Agnes de Mille provides the proper antidote when she recounts how Paul Taylor, in rehearsal with Graham, reacted to some pretentious suggestion with the cry of "What a pile of shit!" – a comment with which the reader may well sympathise .

But there is a passage in Graham's text which opens up a vaster aspect of Graham's art than is found in these ramblings. One of Graham's dancers of the 1930s described her to me as "a breath-taking performer". In her autobiography Graham observes: "I never really cared for choreographing ... I think I really only started to choreograph so that I could have something to show off in. It came as a great shock to me when I stopped dancing that I was honoured for my choreography." Is this the ultimate pelvic truth about Martha Graham: a great dancer mistaken for a great choreographer?

Clement Crisp

In at the death

THE THOM Gunn "*thing*" *is a kind of* sudden but smoothly achieved emphasis on an abstract state ("Nothing moves / at the edges of the mind", from the 1967 volume, *Touch*), an exploration of wilful, restless states; ("One is always nearer by not keeping still", from the earlier *Sense of Movement*), or a delineation of impersonal force – that "disinterested hard energy" with which "My Sad Captains" turn "like the stars". It is a poetic voice responding variously to post-war Sartrean existentialism, the aesthetic tough-mindedness of Gunn's temporary mentor Yvor Winters, and Gunn's personal experience as a homosexual.

THE MAN WITH NIGHT SWEATS
Thom Gunn
Faber & Faber £11.99/£5.99, 88 pages

Though I suppose Gunn has been "out" as a homosexual for most of his life (he moved to San Francisco in 1960 when he was 31), he only came out in verse with the 1982 volume lubriciously entitled *The Passages of Joy*, but reading his earlier work with hindsight one cannot fail to be aware of a mode of perception and sensibility that is quite specifically "gay": perhaps one could describe it as an enchanted critique of the imperatives of toughness. In *Passages* there were poems actually about gay sex; and in its successor, Gunn's latest verse collection, *The Man with Night Sweats*, that sensibility and perception are as distinct as ever, but the sex act has been largely supplanted by the death act, and in the tragedy of AIDS Gunn has found his natural unnatural subject.

The last of the book's four sections is devoted to AIDS pieces, which Gunn wishes to stand as memorials to the friends whose miseries and braveries inspired them (their names are listed in an afterword), and which amount to a significant expansion of the scope of poetry. Loss and death have always been lyric poetry's proper domain, but hardly ever before have the discomfort, bewilderment and sheer existential fact of *dying* been taken over so decisively by verse. Not even Douglas Dunn's superb book of *Elegies* (1985) for his wife who died from cancer gives quite so sharp a focus to the subjective experience of dying: the poet's concern is primarily his own bereavement. But in Gunn's title-poem and pieces like "Lament", "Sacred Heart" and "Courtesies of the Interregnum", he penetrates with dazzling empathy into the inward agony of dying, is somehow able, though not directly threatened by death himself, to render its appalling lonely specificity.

Gunn has risen to his inescapable new subject with verse of quiddity and depth and terrible truthfulness. Among the book's other sections are equally fine pieces such as "Nasturtium" and the AIDS-related "All Do Not All Things Well" and some acute vignettes of low life (""Well Dennis O'Grady", "Old Meg") which recall Gunn's manner in the delightful 1966 collection of his poems and his brother's photographs, *Positives*, a title that would seem harshly ironic now.

Paul Driver

Parlour games, not politics

HISTORY has not been kind to Beatrice Webb. Revered by her first two biographers, the correction came with Kitty Muggeridge's 1967 depiction of her "aunt Bo" as a puritanical Fabian social reformer who, with her husband Sidney, wrote "unreadable books" and approved of Stalin's Russia because there was no "spooning" in the parks. Now Carole Seymour-Jones gives her excellent new biography a feminist tinge: Beatrice's story is a "very modern one" because it is a "story of choices". The result is to make Beatrice's life memorable more for the contradictions it embodied than for the reforms it achieved.

BEATRICE WEBB: WOMAN OF CONFLICT
by Carole Seymour-Jones
Allison & Busby £17.99, 369 pages

Born in 1858, one of eight daughters, Beatrice grew up in a free-thinking household where her father Richard Potter, a rich railway magnate, included Thomas Huxley and Herbert Spencer among his friends. Already questioning the "repugnant" doctrine of Atonement at the age of sixteen, like many Victorians she lost her faith but found a calling, following her elder sister Kate into the service of Octavia Hill, the model housing pioneer in London's East End. Women's Suffrage and reform of the Poor Laws were burning issues of the day, and Seymour-Jones's social history teems with descriptions of personalities and pressure-groups, vividly conveying the social and intellectual ferment surrounding Beatrice's choice of life.

Agonising in her diary between marriage and independence, motherhood or good works, the severest test to Beatrice's passionate nature came from Joseph Chamberlain, the charismatic leader of the Radicals in the 1880s. The physical infatuation, unfulfilled, lasted six years and brought her to the brink of nervous collapse: "If I were a man," she told herself, "this creature would be free, though not dissolute, in its morals, a lover of women ... the strong physical nature upon which the intellectual nature is based would be satisfied."

Too volatile for Chamberlain's needs, in Sidney Webb, the unprepossessing son of a Cockney hairdresser, she found someone whose socialist beliefs were at least a match for her mind if not her heart: "I do not even look at your photographs," she told him when he sat for a new photograph, "It is too hideous, for anything. Do be done in a gray suit and let me have your head only – it is the head only I am marrying!" Submitting to Beatrice's elocution lessons Sidney played his one trump card, his intellectual ambition, to perfection – his wife's in-bred belief that men ruled and women supported had earlier led her to sign Mrs Humphrey Ward's Anti-Suffrage Appeal in 1889.

In the event, the Fabianism which the Webbs, with George Bernard Shaw, founded was elitist, anti-democratic and more a patrician parlour-game than a political power base. They misread the rise of the Labour movement, which was to mark their eclipse, likening themselves instead to a Samurai "elect" who would do the thinking for the untutored masses. Beatrice's taste for the good life never left her; after dinner parties spent "webb-pulling" (as their enemies termed it) with the likes of Balfour, Asquith and Ramsey Macdonald, she would scribble down the seating plan in her diary as a trophy.

Soviet Communism: A New Civilisation?, the pamphlet they published following their visit to Russia in 1932, when Beatrice was 74, proved a lamentable curtain-call. Ignoring protests from former disciples Beatrice thought the 1931-2 Russian famine a "partial crop failure" and dismissed Stalin's show-trials as merely the "growing pains" of a new civilisation. Depressed by the apparent collapse of worldwide capitalism, the Webbs' enthusiasm for Stalin's elitist new order was fuelled by a strangely inhuman quality in themselves, which led them to ignore individual suffering in favour of the needs of the State ("Sidney tends to ignore personalities and I study them as specimens," she once wrote).

In her personal life, despite regrets over lost motherhood, Beatrice's fevered spirit did at last gain a restfulness ("It is very sweet, this warm companionship in work"). Their ashes now lie in Westminster Abbey, the only couple to be so honoured. It is typically English tribute to two heroic failures.

Mark Archer

Dresden tunes up

After 40 years of communism the musical tempo in this great city is gaining pace, says ***Andrew Clark***

DRESDEN WAS not rebuilt in a day. Since the fall of Communism, work on restoring the city's shattered monuments has speeded up. The stump of the Frauenkirche is now adorned with scaffolding and the eerie ruin of the Taschenberg Palais is to be developed as a luxury hotel. But it will be ten or 20 years before the spectre of devastation left by that one night of bombing in February 1945 can be removed.

It will also be some time before Dresden resumes its profile as one of Europe's great musical cities. This is where Weber and Wagner served as Hofkapellmeister, where nine Richard Strauss operas were premiered, where Schuch, Busch and Böhm developed and maintained a strong Germanic tradition. Then, during 40 years of communism, Dresden was gradually reduced to a cheap recording outpost.

The tempo of musical life is now picking up. After a sharp drop in attendance figures before and after unification, the Dresdeners' appetite for music has returned. The Staatskapelle, Dresden's renowned opera orchestra, is once again attracting the world's leading conductors. Along with most other major east German institutions, the Dresden Philharmonic (the city's main concert orchestra) and the Semper Opera have brought in new administrators from the west, with their own ideas about artistic programming and marketing. Established German singers like René Kollo have given performances for no fee.

But the hangover from unification is proving hard to shrug off. Orchestra salaries in Dresden are still only 60 per cent of those in Hamburg or Stuttgart. The task of slimming down communist-era staffing levels has yet to be confronted. The Dresden Philharmonic is in the throes of an artistic leadership crisis, and the acoustical barrenness of its ugly 2,400-seat home, the Kulturpalast, is affecting morale and standards. A promised new hall will not be ready until 1997.

The orchestra is also caught up in what has been dubbed "Stasi-gier", the obsession with exposing former state security informers. Only four of its players were Communist Party members, but the extent of Stasi infiltration has yet to be established. It is a bitter issue.

The atmosphere at the Semper Opera is more positive, partly because the building itself – faithfully reconstructed by the communists and re-opened in 1985 – is well-equipped and has become a major tourist draw. The orchestra and chorus are among Europe's best. But the company wants to be able to compete with cities like Munich in the international market for conductors and soloists, and to do that it needs more money. Next year, the federal government in Bonn – which has provided emergency grants since unification – will hand back the burden of funding to the Saxon state government, jeopardising the contracts which the new intendant, Christoph Albrecht, has signed with guest-artists.

For the time being, Albrecht is trading on the fact that many singers are happy to perform in Dresden, simply to share in its traditions: at the start of next season, for example, Felicity Lott will sing the title role in a new production of *Arabella*, one of the Strauss operas most closely associated with the city.

But Dresden's music institutions could be in for a nasty shock if the local economy does not pick up quickly. Already the city is discovering that artistic leadership does not come cheap: after a long and apparently successful courtship of Giuseppe Sinopoli for the post of music director at the Semper Opera, the Saxon state government last month found the Italian conductor had suddenly increased his financial demands to match the DM 900,000 contract recently awarded to Daniel Barenboim at the Berlin State Opera. Sinopoli has also made his involvement in individual productions conditional on the engagement of certain singers, most of whom are expensive recording stars.

One of Sinopoli's attractions is his own Deutsche Grammophon contract, which has already benefitted the Staatskapelle. On the other hand, as long as he continues to dominate the orchestra's concert work, the opera house will be unable to attract an alternative music director of sufficient standing. The whole Sinopoli episode suggests that Dresden has not yet found a way to reconcile its glorious pre-war tradition with its current straitened circumstances.

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The Semper Opera has four new productions this season. *Lulu*, which was new to Dresden, found favour neither with the conservative local public nor with the tourists whom the city is so keen to attract. *La Cenerentola*, Dresden's contribution to the Rossini year, was a popular success and marked the company's conversion to original-language performance with surtitles. Still to come are *Les Contes d'Hoffmann*, to be staged next week by the radical east German producer Peter Konwitschny, and *Der Freischütz* during the Dresden Festival in May. The rest of the season is taken up with standard repertory, played six nights a week at prices (DM10 to 50) only marginally below those in equivalent west German houses.

One of the joys of any visit to the Semper Opera is the theatre itself. Built as a court opera house in 1841 and occupying a commanding position in Dresden's historic centre, it has a spacious, richly decorated horse-shoe auditorium and an atmosphere of tradition. The acoustic is disappointing: the orchestral sound is rich and well-blended, but the voices simply do not project over the footlights – perhaps the penalty for enlarging the proscenium during reconstruction.

Both *Lulu* and *Cenerentola* can be judged artistic successes, the Rossini particularly so. Martin Rupprecht's designs – a tumble-down under-the-arches homestead for the opening and closing scenes, a revolving gold prism for the palace – had a post-modern look, set against a bright blue background. Steffen Piontek's stage direction was equally pleasing: fluent ensemble work, witty without being over-produced. Alidoro, sung by Eike Wilm Schulte with the vocal poise of a Lieder specialist and the dramatic presence of a practised Wagnerian, was a magical master of ceremonies, engineering the prince's arrival in a balloon-basket and setting off an elegant firework display at the end.

Kathleen Kuhlmann's Angelina was vocally polished but rather pallid, lacking the youthful vulnerability to stir the heart. Eduardo Gimenez was the eloquent Don Ramiro, Martin Gantner a handsome Dandini. Don Magnifico was sung by Rolf Wollrad, an experienced basso buffo who served with dignity as "father of the house" in the months after unification. The performance was very respectably conducted by the young Englishman Anthony Bramall – a replacement for Arnold Ostman, who had a bust-up with the Staatskapelle at the first rehearsal.

The conductor of *Lulu* was Friedemann Layer, who displayed admirable structural command, steering a course between dry intellectualism and sensuous lyricism. The Staatskapelle played with outstanding tonal bloom, as if the music was in their blood. The staging by Fred Berndt, an east German drama producer and designer, updated the setting to the 1930s, but otherwise showed too much respect for Berg's stage instructions, too little fantasy. The entire evening took place within a circus ring, with a caged perimeter in the prologue and a trap-door and tent for the finale. Apart from the Act Two film interlude – a whirl of shocked female faces – the story was told with pristine clarity. But *Lulu* is more than a domestic morality play. There was no sense of Lulu's ascent and descent, nothing sordid, no tragic grandeur.

The cast was dominated by Siegfried Vogel's Athlete – physically vulgar, larger-than-life, powerfully declaimed. Theo Adam's Dr Schön has seen better days, but he still cuts a commanding figure on stage. Kerstin Witt's Geschwitz and Norbert Orth's Alwa made no great impression. In the title role, Maria Husmann looked chic and sexy, and caught a selfish, callous streak in the character, but the voice lacked weight or brilliance. This *Lulu* was just too innocent by half.

Maria Husmann and Theo Adam in a new production of 'Lulu' at the Semper Opera

Records

From Bernstein to Bart on Broadway

UNDER the label "Sony Broadway", Sony have compiled a new CD series which will provide aficionados of the postwar Broadway musical with hours of happiness. In their role as current proprietors of the CBS archives, the company have put together an enticing mid-price reissue – around £7 per compact disc – of eight former CBS titles: Bernstein's *Candide* (1956) and *Wonderful Town* (1958), Irving Berlin's *Miss Liberty* (1949), Frank Loesser's *The Most Happy Fella* (1956), the Jules Styne-Leo Robin *Gentlemen Prefer Blondes* (1949, with Carol Channing), *A Tree Grows in Brooklyn* (1951), *Irma la Douce* (1960), and *On the Twentieth Century* (1978).

Most of these are in their Original Broadway Cast guise (the *Wonderful Town* is a 1958 made-for-television version notably inferior to the dazzling original, first issued in this country on Decca). Not all the shows are "classics", but all are worth hearing. The treasure of the collection, in terms of both work and performance, is undoubtedly *Candide*; the record, one of the most pleasurable ever made, raises the whole question of style in the execution of musicals, the more so because it returns to CD existence alongside last year's blockbuster DG set of the same work.

This, with its all-star cast, mighty-sized LSO and chorus and the composer himself as conductor, was based on those Christmas 1989 Barbican concert performances of unhappy memory, and came out not long after Bernstein's death; for all sorts of obvious reasons it tended to serve, and to be treated, as *the* Bernstein memorial on records. In my opinion it is a horror almost from start to finish, a monstrous ballooning-out of a work whose abiding fascination lies as much in its operetta-inherited intimacy as in its richness, wit and subtlety of musical and dramatic subject matter.

Last year would not have provided the most tactful moment to say so; now, with the dust on the grave of the much-loved and lamented Lenny settled, and with the Broadway original freshly to hand, I feel emboldened to speak out. Where the 1956 principals operate an exact focus, an unforced delicacy of touch on the material itself, using the lines to "make the case" – listen to the splendid Barbara Cook caressing the words of "Glitter and be gay", and the great Max Adrian drily snapping out those of "The Venice Gavotte"! – Bernstein and his mighty cohorts attempt something much more grandiose: a once-and-for-all setting of the seal on *Candide* as a deathless masterpiece.

That they fail so comprehensively in this achievement can, I think, be ascribed to two main causes. The first is that the problems of *Candide* – a failure in 1956 that was ceaselessly re-jigged and tinkered thereafter, and that now exists in a veritable patchwork quilt of different versions, authentic and otherwise – are inherent in its "book" (over which Bernstein and its author, Lillian Hellman, joined so fiercely in battle), and are not solved by plumping the work out, as DG have done, with rediscovered numbers. In this work, with its episodic format and one damn thing after another plot-line, shorter is surely better.

The second, and far the more important, is that the further the performance style moves from the re-creation of theatrical conditions toward what one might call concert-hall spectacular, the more Bernstein's wonderfully knowing musical mixture of light and serious, bittersweet and schmaltzy, suffers.

At the Barbican, orchestra and chorus were enlarged to the point where miking of the soloists became necessary – and thus a grotesque barrier was therefore set up against the process of singer-and-audience communication. Records, of course, avoid the difficulty, but nevertheless the mammoth weight of forces exacts a heavy toll on forward movement; and Bernstein's slow tempos are so often deadening to the spirit of the number in question.

Candide under his baton is an Event, not an entertainment; why, late in life, he so badly needed and wanted to practise this perversion on his own work is a question I hope future Bernstein biographers will try to answer. "Make our garden grow", for instance, is blasted out with killing ponderousness as a poor relation of Mahler's "Resurrection" finale. Most of the performers take their stylistic lead from the conductor. June Anderson may be an infinitely more polished coloratura canary than Barbara Cook, but she utterly lacks charm. Adolph Green's Pangloss and Nicolai Gedda's Governor and Vanderdendur are word-singing and -speaking disasters.

Bernstein: Candide. 1) Robert Rounseville, Barbara Cook, Max Adrian, Irra Petina, William Olvis etc./Samuel Krachmalnick. Sony Broadway SK 48017 (one CD)

2) Jerry Hadley, June Anderson, Adolph Green, Christa Ludwig, Nicolai Gedda etc./ LSO and Chorus/Leonard Bernstein. DG 429 734-2 (two CDs)

Weill: Street Scene. 1) Josephine Barstow, Samuel Ramey, Angelina Réaux, Jerry Hadley, Meriel Dickinson etc./ Scottish Opera Orchestra and Chorus/ John Mauceri. Decca 433 371-2 (two CDs)

2) Kristine Ciesinski, Richard Van Allan, Janis Kelly, Bonaventura Bottone, Meriel Dickinson etc./ ENO Orchestra and Chorus/Carl Davis. That's Entertainment Records Classics CDTER2 1185 (two CDs)

Cole Porter: Kiss Me, Kate. Josephine Barstow, Thomas Hampson, Kim Criswell, George Dvorsky, Damon Evans etc./London Sinfonietta, Ambrosian Chorus/John McGlinn. EMI CDS 7 54033 2 (two CDs)

Lionel Bart: Oliver! Josephine Barstow, Julian Forsyth, Sheila Hancock, Richard Van Allan, Stuart Kale etc./National SO/John Owen Edwards. That's Entertainment Records Classics CDTER 1184 (one CD)

The big names in the cast remain, indeed, just that – names, not characters. The exceptions are Christa Ludwig, witty and warm-spirited as the Old Lady, and Jerry Hadley, who brings a McCormack-like sweetness and freshness of personality, a genuine candour to Candide. For them, and for Andrew Porter's elucidation of the work's complicated life-history in a masterly programme note, I shall maintain the DG's place on the library shelf. But it is the original *Candide*, now on Sony Broadway, that I shall continue to play for pleasure.

The month in which *Street Scene*, Kurt Weill's self-styled "Broadway opera", makes a triumphant return to the Coliseum is a good one to touch on the two *Street Scene* recordings issued last year. It is an irony that, after waiting four decades for a first complete recording, lovers of the work should then find themselves debating the merits of two; and a curiosity that both should have the same British staging as their source. The Decca is the Scottish Opera production of 1989, with an admixture of (mostly American) big names in leading roles, the TER is the same production in its pure ENO form. Meriel Dickinson's mesmerising account of the implacable tenement watchdog Mrs Jones is common to both.

Unlike in the DG *Candide*, the relationship of stage to recording remains organic and healthy in both performances. Choice is hard: both possess great strengths and minor weaknesses (British opera-singers valiantly counterfeiting the accents of native and immigrant New Yorkers will trouble some listeners more than others), and both capture the special greatness of the work. My preference, finally, is for the Decca, since its stars – Ramey, Barstow and Hadley above all – sink themselves into their roles with a compelling combination of dramatic power and directness of expression; and because John Mauceri is so much more theatrical a *Street Scene* conductor than TER's Carl Davis. But it's by no means unarguable.

Miss Barstow, for so many years neglected by the record companies, has also blossomed as an EMI and TER operetta and musical-comedy leading lady. It is an unlikely but by no means an unwelcome development; she has, after all, the needed theatrical panache in vast quantities, and in the EMI *Kiss Me, Kate* (to which she came as an 11th-hour replacement for Teresa Stratas) her superb musicality and wonderfully individual palette of tone-colours exert a sultry, seductive pull on the phrases of "So in love". She does not sound like an opera-diva on a slumming excursion. Neither, *mutatis mutandis*, does Thomas Hampson as her leading man; and though the work itself comes across as less snappy, smart and sophisticated than remembered, the conductor, John McGlinn, catches the Cole Porter style without inflation.

But the really extraordinary Barstow feat is to transform herself, via a fearsome shadow-of-Bow-Bells accent and a rip-roaring snarl in the chest register, into the Nancy of Lionel Bart's *Oliver!*. The recording is based on the recent National Youth Music Theatre production, with singer-actors and actor-singers excellently mixed and matched. There is an overdose of sugar in the arrangements, by the conductor John Owen Edwards; otherwise, even the most fanatical devotees of Ron Moody, Georgia Brown and the rest of the much-loved 1960 cast originals can be encouraged to investigate the new TER set.

Max Loppert

Poetry in performance

Truly festive wonder

ACCORDING TO Simon Armitage, the young poet from Huddersfield who was the opening reader at last week's St Andrews Poetry Festival, it is the smell of the cabbage that they remember best, those ex-prisoners from Strangeways. And the brutal, hammering rhythms of "D821 Remembers Strangeways", a grim litany of defiance, hopelessness and sheer verbal aggression in which "and the smell of the cabbage" was repeated over and over again until the audience began to loathe the stuff brought out Armitage's best qualities as poet and performer. He hammers away at our genteel presuppositions about the nature and purpose of poetry like a street lout with a lump hammer inside his jacket.

After swallowing hard on all that northern grit, it came as something of a surprise to rediscover that poetry needn't after all be abrasively social-realist if it is to be honest. The Scots poet John Dixon, a tall, cravated, cherubic-cheeked lawyer by profession, let his sequence of new poems speak for themselves – other than to remind us that poetry was essentially a spiritual thing "like love, music and, of course, God himself". We were then treated to a stream of beautifully articulated, hastily read pseudo-narratives of metaphysical bewilderment, somewhat in the Ashbery mode. Occasionally, the voice would rise to a higher, more dreamy, register, transubstantiating the poem into wispy, smoke-like things. "It's that line of light on the horizon," he explained before reading his last poem, "That Point where the Sun meets the Sky – as on the West Coast of Scotland. That's what poetry always looks for."

Younger poets like Armitage and Dixon come to poetry festivals bearing sheafs of paper and what they read is new, aggressively new. The future is racing ahead of them. The older ones clutch well-rubbed, well-annotated copies of published books to their chests as a clergyman might clutch his bible, and for much the same reason: it is armour against the world; the real, tangible proof that one has laboured to some end. They count themselves lucky to be writing six poems a year. Life and creativity are slipping away.

Which is why, on the second evening of the festival, I was shocked to see the poet Hugo Williams, a tall, fairly handsome man in his forties, slipping sideways into the St Leonards School Music Room with a blue Simplex folder. Until, that is, he began to shake those dog-eared copies out . . .

Himself the son of an actor, Williams reads his poems in a rather languid fashion as if it were the Rotherham Playhouse tonight and he was mindful of the need to save himself for Saturday night's big push at the Bradford Alhambra. He is quite obsessed by the minutiae of his own autobiography – to such a degree that we see the schoolboy petulance, the boyish anxieties written in his face as he reads, with a slight stammer, poems about the difficulties (and the exhilarations) of living with an imperious, peripatetic actor-playwright father. Many of the poems he read were little versified letters that dealt with the petty, stinging humiliations of adolescence. No matter how tall one grows, one is still apt to be caught with one's trousers down.

The festival concluded with a reading by two established voices from England, Craig Raine, sometime chief of the Martians, and James Fenton, poet and foreign correspondent extraordinary. Raine, looking mildly piratical in a flamboyant red shirt, and densely bearded as ever, was in a ponderous, meticulous mood, picking his way through poems clotted with metaphor upon brilliant, tricksy metaphor. Every word had the high polish of a conker.

And as Raine read, Fenton sat, slumped forward in his chair, looking heavy and lugubrious, his large, bald, egg-shaped head held quite fiercely between his hands like Humpty Dumpty contemplating the disaster of himself. Who would have guessed that when he stood up to read he would actually make the audience *laugh* with a marvellous selection of rollicking ballads, all stuff and meaningful nonsense, like some latter-day knees-slapping Edward Lear?

It was a moment of truly festive wonder.

Michael Glover

Radio

Chekhovian references

LBC is the only independent radio station in England to give drama, though in Glasgow Radio Clyde does, and in Belfast Downtown Radio. LBC presents its plays in nightly five-minute sections, no direct challenge to the BBC. What challenge there is between the script units is modified by the Woolwich Young Playwrights Competition, whose winners (not all that young) come out on LBC.

Currently we are hearing Neville Watchurst's *All in the Same Boat*. This is a satire about the Gulf war. Johnno, the son of Sir Tobias Johnson, Foreign Secretary and armament maker, enlists his tank crew into the New Age Group. They kidnap a handy conference of world leaders and condemn them to 10 years in a cruise-liner. But Johnno won't abandon his father, and frees him – a mistake, for Sir Tobias takes over the New Age Group, sinks the liner and announces himself as dictator. I meant to be generous, but comedy won't work unless you believe what you hear, and this was all so unconvincing that I couldn't even decide which side I was supposed to be on. You can hear the final instalment on Tuesday.

By contrast, the Chekhov-and-after festival on BBC Radio 3 (FM only from now on), continued on Sunday with a repeat of John Tydeman's 1974 production of *The Cherry Orchard*, containing a stunning performance of Ranyevskaya by Gwen Ffrangcon-Davies – then 82, but sounding a youthful lady of early middle-age.

The Chekhov was followed on Tuesday by a modern variant, John Fletcher's *The Apple Orchard*. In April, 2005 AD, after the nuclear war, a dilapidated garage in Somerset stands in for the Ranyevskys' bankrupt estate, and there Harold grows apples and Sam (a girl) works secretly on electronics. Isabelle and Jonathan, Sam's sister and brother, have continued life in London; now hard up, they visit their old garage in an old Morris Traveller. They are appalled to hear that the Parish Council is to take their old garage yard to grow food. There is much philosophy, a barely relevant former vicar and a quite irrelevant baby. Then Jonathan and Isabelle set off for Barnstable, on foot, for Sam has pinched their carburettor for her secret 'plane, in which she flies off to start a new community in Iona. A miraculous crop of mushrooms will raise funds (though they are radio-active). There are some ready references to Chekhov – missing socks for missing galoshes, space-invader games for billiards. Nigel Bryant directed, and at any rate it was more convincing than *All in the Same Boat*.

Sunday's *Radio 4 Debate* considered whether "Britain is failing to consider the future of the arts." The result was a predictable win for the motion (133-41), the debate being held in the Lyttelton Theatre. Iain Ritchie, of the Scottish Chamber Orchestra, and Anthony Everett both made the valid point that the future of the arts depended more on the people than the funds, or, as Christopher Gable vigorously held, more on local than national authorities.

Costing the Earth is a green campaign of eight weekly programmes on Radio 4, Saturdays, repeated Wednesdays. The household-sounding name fits the style, which introduces an eco-trained householder now and then to remind us about things like not leaving the light on. This first programme featured an eco-boxing match between Teresa Gorman, MP and Jonathan Porritt, not yet MP, about the worth of such current green doctrines as the greenhouse effect. We heard about the Filipinos' scheme to use old nuclear subs to generate electricity; about the proposed stabilisation of carbon dioxide; about the burning of oremulsion. Dylan Winter was given a little trip to see the Scarborough sewage treatment, which frankly I found more interesting than his trip across the US.

B.A. Young

ARTS

Portrait of John Mortimer commissioned from 1989 winner Tai-Shan Schierenberg

Winning portraits

William Packer on the John Player National Portrait Gallery award

THE PORTRAIT Award came into being in 1980, when Imperial Tobacco and the National Portrait Gallery came together with a view to doing something to stimulate the practice of portrait painting, thought at that time to be in some decline, and to encourage young artists.

So it was that an open competition for artists aged 40 years and under was proposed and agreed, with the winner to be commissioned to paint the portrait of a distinguished sitter, which the company undertook to present and the gallery to accept.

Some 12 years on, we can see that it was this last consideration that was the masterstroke. The John Player Portrait Award established itself immediately and prominently in the annual fixture list, regularly attracting a large initial entry and a strong and varied final exhibition. Clearly young artists were active and positive in their response, if only to the prospect of winning a sizeable sum of money.

There had been in fact no actual decline in the art of the portrait, but it was true that while the interest in the figure and figurative subjects in general was flourishing, there was some inhibition about the portrait *qua* portrait, as though it were a specialised and exclusive mystery. Not least of the Portrait Award's achievements has been the bringing back of the portrait itself into the normal run of the figurative painter's preoccupations, a problem or interest to be addressed like any other.

John Player rounded off its sponsorship in 1989 with the tenth running of the Award, passing it on to British Petroleum under which it continues to prosper. But portrait commissions take time to accomplish, and the last of those that followed upon the 1989 competition, when two artists shared the prize, has only lately been completed and accepted into the collection. This last unveiling, of Tai-Shan Schierenberg's large portrait of the barrister and writer, John Mortimer, concentrated a few minds; the result is an exhibition of the commissions of the full ten years of John Player's involvement arranged to coincide with the acceptance of the new portrait (National Portrait Gallery, St Martin's Place WC2, until March 15). The useful catalogue summarises the competition year by year.

With those last joint-winners, there were 11 winners in all, five of them women. It is remarkable how young so *many of them were, one or two* even still at art school. Two, admittedly, were in the last year of their eligibility, yet even so the average age was 28. Any survey of 11 is narrow enough, yet my own feeling is that it reflects the broader truth of the matter. The students and young artists in the submission were ever evident in strength, and it is no surprise at all that they should have come through.

The prize was encouragement and the prospect of winning not too remote, for it soon became clear there was in the judging no hint of favouritism or "buggin's turn".

But while such cash would seem a wonderful windfall, the full implications of the consequent commission might take a little longer to sink in. For here was the artist put very much on his mettle, with a distinguished personage to be confronted in the certain knowledge that the result would be come to rest in a permanent national collection. The challenge is one no true artist would refuse, but it is daunting and can inhibit.

Not all the commissioned portraits are thus as fresh, perhaps, or as bold and striking, as the portraits that actually won the prize. Not a single artist has baulked at the undertaking, cut and run: all the works are thorough-going, honourable and effective – the National Portrait Collection, after all, was never one of masterpieces but of images of the great and good. Yet one does feel at times that a second run at it might have done the trick, or an essay on a smaller scale – the modern conventional acre of canvas holds true for the portrait as for painting of any other kind.

That said, it is all the more gratifying to find this very last of the John Player commissions as strong and brave a work as any of them. Tai-Shan Schierenberg has indeed taken a large canvas and a bold, ambitious composition, with John Mortimer seated to the front before him, in the corner of the studio, and his own image, a presence looming and imprecise, in the large mirror that tilts off the wall behind the sitter's chair – a respectful nod towards Velasquez.

The handling is openly expressionist, free and confident, even casual in certain passages, yet every element in the working and composition draws the eye to the subject's head and face, that comes clearly into focus in an admirable likeness. It is a great success.

Screen

A low-key labour of love shot from the hip

***Nigel Andrews** talks to director Paul Schrader about his latest film*

TO ANYONE who still remembers the Big Band sound there is only one significant telephone number in New York. It is "Pennsylvania 6-5-Oh-Oh-Oh" and it belongs to the Penta Hotel, formerly the Statler Hilton. In this maze of decayed inter-war glamour, where Glenn Miller's ghostly trumpets threaten to purl forth in the lifts or lobby, film-maker Paul Schrader was recently at work shooting his new film *Light Sleeper*. The man who created *Taxi Driver*, *American Gigolo* and *The Comfort Of Strangers* had taken a sabbatical from Hollywood to go native in New York, making a small-budget film with two bright, idiosyncratic stars in Willem Dafoe (*Platoon*, *The Last Temptation Of Christ*) and Susan Sarandon (Oscar-nominated for *Thelma And Louise*).

The hotel's faded glory tempts one as a metaphor for a stylish director now going shoestring. But Schrader, when I visited the set, insisted he was making the movie out of love and not because Hollywood has *not* offered him, say, *Evita*. Fifty this year, he has sketched the story of a man in a mid-life crisis: a drug courier (Dafoe) whose lady boss (Sarandon) has decided to swap cocaine for cosmetics and go straight. Out of a job and out on the street, Dafoe finds life further unsettled by police curiosity about a girl drug addict's death.

"It's a film of the stripe of *Taxi Driver*," says Schrader. "It's about a guy who 'drifts' from place to place and sees certain dangerous things and events gradually conspire. He's 40 and he doesn't know what to do with his life. He hasn't managed to do much at all up to this point."

Paul Schrader on the set of his film 'Light Sleeper'

The story may not be directly autobiographical, but there are clearly personal resonances. "Take this guy in his twenties, he was very hostile and paranoid." (Like the hero of *Taxi Driver*). "In his thirties he was very narcissistic." (Like the hero of *American Gigolo*). "Now he's 40 and he's very anxious. So the arc of character reflects the different feelings we have as we get older."

Schrader himself wrote the script, cast the movie and moved mountains to get it financed. "Again it's like *Taxi Driver*. That was a small personal film, just $2m, which Marty Scorsese and Robert De Niro and I all felt passionate about and made sacrifices to make. The only reason *Light Sleeper* is low-budget is that nobody's getting paid. Most of us are on deferment."

Even so, a Hollywood studio has to be persuaded to pitch in at some point. How do you sell a low-key, idiomatic film in the age of *Terminator 2*? "You appeal to their (the studios') best interests financially! At one point on this film I was $300,000 into it and still didn't have a bank loan. But I was making it an attractive package. I'd pulled in good actors and got them to defer their salaries and I'd set up the crew. It's basically the Coppola Theory. If you go on saying you're making a *movie* long enough, someone will believe you and give you the money!"

Schrader takes a break to shoot Susan Sarandon in a fetching red suit running down a hotel corridor screaming "Fire!" She does this six times for the camera. After the last take the exhausted actress runs straight into an *FT* microphone. "This is the first film I've made since *Thelma And Louise* and yes, it's about as far from Hollywood as you could get. (Puff pant). But I prefer locations; there's more excitement. People are scrambling, they help each other with their jobs, there's less demarcation. (Puff). Los Angeles always feels like a 9 to 5 job. On location everyone surrenders to the project."

Willem Dafoe is less breathless even though he is about to film – is already rehearsing – a climactic shoot-out. He came to *Light Sleeper* because he liked Schrader's direct approach to making and setting up films. "The story just came straight out of him, he wrote it very fast and I love the idea of shooting a film 'from the hip'. There's something very true about this story's sense of time and place, it's not Hollywood-concocted."

Back in Paul Schrader's "trailer", the director is recuperating from the first week's shooting. Since I'm the first foreign press-person to visit the set, he has not yet polished his PR act. "I haven't yet been asked what this film is about," he tells me disarmingly, "so I haven't worked out an answer."

Schrader is more certain of what he and his cinema as a whole are about. "I suppose the directors who've influenced me would be Scorsese, Bertolucci, Antonioni. But there are different role models one has as a film-maker and for me the best is someone like Stanley Kubrick, who tries to 'reinvent the wheel.' I don't have those ambitions, but I like to keep doing something fresh, something people haven't seen in that light before. So my personal model would be Kubrick rather than Hitchcock or Ford, people who keep mining the same territory.

"But, you know, we're all Hollywood directors really. Even when we're working on location in New York. Right now the people who used to be at the top commercially like Disney are having a rough time. And a film-maker like Spike Lee comes along and suddenly *he's* in style. For years everyone knew that there was a 'black' market to be tapped and no one had either the brains or the guts, or the astuteness, to get into it. Well, Spike got into it his own way and on his own terms. Now he's brought up behind him a half-dozen young directors and you have a fully-fleshed, very vibrant wing of American film-making.

"So when you say 'Hollywood' that's an oddball term. To me Hollywood means the American motion picture industry. And that means not just Sidney Pollack and Steven Spielberg, it means David Lynch or Spike Lee. The same people, the major studios, finance both. George Lucas of *Star Wars* said to me when he heard I was going to make a low-budget film in New York, 'You're not really a Hollywood director.' And I said, 'George, we're *all* Hollywood directors. We're just different *kinds*!"

But how many older members of that breed – back to my earlier question – would be as ready as Schrader to trade the well-upholstered comforts of West Coast filming *for a tiny film noir on the East* Coast?

At this Schrader gives me his most passionately argued answer of the day. I get a free reprimand plus a free lecture on a movie style. "'Film noir' is the most bandied phrase in cinema today. There is no such thing as modern film noir. It's a historical period not a genre. Genres are things like Westerns, gangster pictures, science fiction. Historical periods are things like German Expressionism, Nouvelle Vague, film noir.

"Film noir came up after the war through a convergence of several influences. The expatriate, Germanic influences in Hollywood; the sense of letdown that many Americans felt after the war, when guys came home and couldn't get work and their wives were more independent because they'd had jobs, and many marriages broke up.

"It was a kind of dead-end backlash *and it crept into* cinema after the war. And of course it was already percolating in hardboiled fiction. It was very vibrant through the early 1950s, then it gradually died out with the new affluence and the rise of television and colour photography. So yes, film noir was an important chapter in American cinema. But you can't repeat it. If we're making movies about anxiety or loneliness or personal crisis today, they're our own movies. They're not *films noirs*, they're a group that may be just as unified but different. Perhaps years hence someone will come up with a new phrase to describe them."

Suggestions, please. Meanwhile *Light Sleeper* opens in Britain on March 13.

Chess No 913: 1 Qd8 g5 2 Rd7 b6 3 Rd2 exd2 4 Qxb6 mate.

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand introduced by Steve Rider from Twickenham. 12.20 Rugby/Football: Preview of FA and Scottish Cup matches. Plus, a look ahead to this afternoon's rugby. 12.50 News. 12.55 Racing from Chepstow: at 1.00 The Polycell Hurdle Race. 1.10 Rugby/Football Preview. 1.25 Racing: at 1.30 The Cuprinol Novices Handicap Chase. 1.40 Rugby Union Preview. 1.55 Racing: at 2.00 The Swiss Hurdle Race. 2.10 Rugby Union: Live coverage of the Five Nations Championship match between England and Wales from Twickenham, with commentary by Nigel Starmer-Smith. Plus, highlights of Scotland v France, with commentary by Bill McLaren. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Stay Tooned!
5.45 Big Break. Snooker stars Dennis Taylor, Willie Thorne and Stacey Hillyard test their skill against the clock. Hosted by Jim Davidson.
6.15 Noel's House Party.
7.05 The Paul Daniels Magic Show.
7.50 Columbo.
9.00 Moon and Son. Gladys and Trevor probe the background of a faith healer who claims a deceased musician is using him to produce a string of new pop songs. Stars Millicent Martin and John Michie.
9.55 News and Sport; Weather.
10.15 That's Life! Reporting on the bedbug that turned a holiday dream into a nightmare. Viewers also discover what happens when a toddler is locked in a car with a car phone and Esther reveals the truth about her pregnancy.
10.55 Match of the Day. Desmond Lynam introduces highlights of the day's FA Cup quarter-finals.
11.55 Film: Amazon Women on the Moon. Comedy based around a spoof 1950s science fiction film, intercut with sketches and mock adverts. Featuring a host of stars including Rosanna Arquette, Steve Guttenberg and Michelle Pfeiffer (1987).
1.15 Weather.
1.20 Close.

BBC2

6.40 Open University.

3.00 Mahabharat. (English subtitles).
3.40 Film: Auntie Mame. Colourful drama about an orphan boy who is adopted by his volatile and extravagant aunt, whose eccentric nature fills him with a sense of nostalgia. Starring Rosalind Russell and Forrest Tucker with Coral Browne, Fred Clark and Patric Knowles.(1958).
6.00 Late Again (highlights of The Late Show, the arts and media magazine).
6.35 News and Sport; Weather.
6.50 The Magic Art of Jan Svankmajer. Next week, the celebrated Czech film-maker receives an International Film Fellowship at the Animation Festival in Cardiff. This programme features several of his short films, including Memories of Mysterious Beings.
7.30 Fine Cut: Pictures from a Revolution. Story of Susan Meiselas, an American photographer who chronicled the struggles of the Nicaraguan people through the 1978 rebellion, when they overthrew dictator Anastasio Somoza and brought the Sandinistas to power. This programme examines the effects of the rebellion, and questions Meiselas' role as an American photographer. Her work won the Robert Capa Award for courage in photo-journalism and led to a highly influential book of colour photographs, Nicaragua: June 1978 – July 1979.
9.00 Film: Prizzi's Honor. Jack Nicholson and Kathleen Turner star with Anjelica Huston in this acclaimed gangster comedy about the love affair between a veteran hit man and a professional enforcer. Little do they know, they have been assigned to kill each other (1985).
11.05 Guitar Legends – Jazz Night. Second concert from Seville, continuing the Expo '92 celebrations. Tonight's extravaganza features musical giants including John McLaughlin, Larry Coryell, George Benson, Stanley Clarke and Paco De Lucia, each paying a tribute to the late Miles Davis, influential American jazz trumpeter who died last year.
12.40 Close.

LWT

8.00 TV-am. 9.25 Motormouth. 11.30 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Previewing the weekend's FA Cup quarter-finals in England, and Cup matches in Scotland. Plus, highlights of the midweek European action.
1.55 The Day.
2.00 The Ultimate Stuntman.
2.45 Schoolboy Soccer. England's under-15 schoolboy side take on their Dutch counterparts.
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! Pat Sharp is joined by boxer Gary Mason, who tells why he has switched to playing professional rugby. Singer Shanice talks about her hit single and her jet-setting grandmother, who chaperones her around the world. Plus, a visit to the first centre in the West End for Quasar, the space age laser game.
5.45 Baywatch.
6.20 Family Fortunes.
6.50 Stars in Their Eyes. Featuring an auxiliary nurse from Aberdeen as Cher, a Mancunian driving instructor as Gilbert O'Sullivan, a barber from Perth masquerading as Jason Donovan, a boutique assistant from Chatham in the guise of Cathy Dennis, and a Bristol-based burglar alarm installation expert as Bobby Hatfield of the Righteous Brothers.
7.20 The Brian Conley Show. Ventriloquist Ray Alan and Lord Charles make a "dummy" out of Brian..
7.50 Murder, She Wrote.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 The Other Side of Paradise.
10.05 Aspel and Company. Guests are singer Joe Cocker, actress Prunella Scales and actor Tony Slattery.
10.50 Metro. New series. A report on Cameron Mackintosh's new musical Moby Dick.
11.25 Tour of Duty.
12.25 Get Stuffed.
12.30 Passengers.
1.00 WCW Pro Wrestling.
1.50 Get Stuffed; ITN News Headlines.
1.55 New Music; ITN News Headlines.
3.00 Bhangra Beat.
3.30 American College Football 1991.
4.25 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye.

10.00 Film: Henna. Tragic Indian love story, starring Rishi Kapoor (1991)(English subtitles).
1.30 Film: Journey for Margaret. Domestic drama, about an American correspondent who cares for a child left homeless by the London blitz. Starring Robert Young and Laraine Day (1942).
3.00 Racing from Sandown Park. Including the 3.05 Barclays Bank Handicap, 3.35 Food Brokers Royal Game Handicap Chase, 4.10 Sunderlands Imperial Cup and the 4.40 Burnt Oak and Special Cargo Novices' Chase.
5.05 Brookside.
6.30 Right to Reply. Viewer Jean Davies reports on what is being done for the children of St Petersburg, in a follow-up to the Dispatches programme Mother Russia's Children.
7.00 A Week in Politics. Including interviews with Environment Secretary Michael Heseltine and Frank Field MP, Labour Chairman of the Select Committee on Social Security. Plus, how much money is being spent on political advertising?
8.00 TV Heaven: Introduction. Classic entertainment from 1971.
8.05 Six Dates with Barker. One of six unrelated comedies, designed to showcase the versatile talents of Ronnie Barker. Arthur (Barker) returns home to find his wife (Joan Sims) wanting to leave him. David Jason also stars.
8.50 Upstairs, Downstairs. Fay Weldon scripted the first episode of this popular Edwardian domestic drama.
10.00 The Persuaders. Pilot of this series famed for its fast cars and lavish sets. Roger Moore and Tony Curtis star as two crime-busting playboys tracking down an evil gangster.
11.00 Court TV: America on Trial. Schoolteacher Pamela Smart stands accused of conspiring to murder her husband. Testifying against her are her teenage lover, who committed the murder, and his young accomplices.
12.00 Film: The Public Enemy. James Cagney stars in this drama about the rise and fall of a prohibition gangster. Jean Harlow and Eddie Woods co-star (1931).
1.35 The Word.
2.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
11.30 The Munsters Today. 1.05 Anglia News. 1.55 The A-Team. 5.05 Anglia News and Sport 5.15 Cartoon Time. 9.00 Regional Weather. 10.50 Up the Junction. 11.45 One to One.

BORDER:
1.05 Border News. 1.55 European Golf. 2.35 Cartoon Time 5.05 Border News and Weather 5.15 Cartoon Time. 10.50 Men. 11.45 Murder at the Mardi Gras. (TVM 1978)

CENTRAL:
11.30 The Munsters Today. 1.05 Central News 1.55 Great Planes. 5.05 Central News 5.15 Central Sports Special – Goals Extra. 9.00 Local Weather. 10.50 Stardust. (1974)

CHANNEL:
11.30 Superman. 1.05 Diary Dates 1.55 The Ultra Sail Grand Prix. 2.25 Spectacular World of Guinness Records. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Cartoon. 10.50 Tonight in Comedy.

GRAMPIAN:
11.30 Dinosaurs. 1.05 Grampian Headlines 1.55 Abairt 2.15 Crann Tara. 2.45 Father Dear Father. (1973) 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.50 Matlock. 11.45 Murder at the Mardi Gras. (TVM 1978)

GRANADA:
11.30 Children's Island. 1.05 Granada News 1.55 Cartoon Time. 2.05 The Spectacular World of Guinness Records. 2.30 Rock Sport. 5.05 Granada News 5.10 Granada Goals Extra. 10.50 Men. 11.45 Murder at the Mardi Gras (1978)

HTV:
11.30 Superman. 1.05 HTV News. 1.55 Soccer in the Seventies. 2.25 Porky Pig 5.05 HTV News and Sport 10.50 The Gadd Gang Live.

HTV Wales as HTV except:
5.20 Cartoon Time

SCOTTISH:
11.30 NB. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Cartoon Time. 3.00 Broken Lance. (1954) 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 10.50 Take Five. 11.00 The Young Riders.

TSW:
11.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 2.25 Short Story Theatre 5.05 TSW News. 5.15 Gus Honeybun's Cartoontime. 9.00 TSW Weather. 10.50 Men. 11.45 Murder at the Mardi Gras. (TVM 1978)

TVS:
11.30 Superman. 1.05 TVS News. 1.55 The Ultra Sail Grand Prix. 2.25 Spectacular World of Guinness Records. 5.05 TVS News. 5.15 Cartoon. 10.50 Tonight in Comedy.

TYNE TEES:
11.30 My Secret Identity. 11.55 Mr MaGoo. 1.05 Regional News. 1.55 The Life and Times of Grizzly Adams. 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 10.50 Men. 11.45 Murder at the Mardi Gras. (TVM 1978)

ULSTER:
11.30 Dinosaurs. 1.05 Ulster News 1.55 Saturday Sport. 2.00 Superstars of Wrestling. 5.05 Ulster News. 5.10 Saturday Sports Results 9.00 Ulster News 10.50 Men. 11.45 Murder at the Mardi Gras. (TVM 1978)

YORKSHIRE:
11.30 My Secret Identity. 1.05 Calendar News. 1.55 The A-Team. 5.05 Calendar News. 5.15 Cartoon Time. 10.50 Max Monroe: Loose Cannon 11.45 Dracula AD 1972.

SUNDAY

BBC1

8.45 Open University. 8.50 Playdays. 9.10 News. 9.15 Looking for God. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra! 11.00 Business Matters. 11.30 Work is a Four-Letter Word.

12.00 Bazaar.
12.25 Experiment!
12.30 CountryFile. Reporting on what has happened to Green politics and finding out why there has been a decline in the Green vote.
12.55 Weather.
1.00 News; On the Record. John MacGregor, Leader of the House, talks to Jonathan Dimbleby about the government's economic record.
2.00 EastEnders.
3.00 Match of the Day.
5.05 The Clothes Show. Top-to-toe looks for the summer; shoes and flowers for the Bride of the Year's big day; and headmistress Elspeth Insch helps top designer Caroline Charles create a stunning outfit for the catwalk.
5.30 Antiques Roadshow. An unusual piece of scrimshaw, a rare marine chronometer and a porcelain snuff box are taken to Stromness Academy by the islanders of Orkney.
6.15 Play it Safe. Anneka Rice presents guidelines for water safety.
6.25 News.
6.40 Village Praise. Pam Rhodes discovers how the continuing feudal existence in the ancient Cotswold settlement of Guiting Power enables it to remain a family village.
7.15 May to December. New series.
7.45 Lovejoy.
8.35 So Haunt Me. While Peter is meeting a deadline, Sally gets on with some decorating, hindered by the late Mrs Feldman, intent on relating her life story.
9.05 One Foot in the Grave.
9.40 News and Weather.
9.55 Mastermind.
10.25 Heart of the Matter. Joan Bakewell probes the minds of psychopaths, and asks whether they are fully aware of their actions.
11.00 Dear John: USA.
11.25 The Shadow. When she shadows the work of a Italian police force, Sgt Sarah Micklewright of Merseyside Police discovers that random identity checks and guns are commonplace.
11.55 Mahabharat. (English subtitles).
12.35 Weather.
12.40 Close.

BBC2

8.35 Open University. 12.00 Around Westminster.

12.30 Film: Skin Game. James Garner and Lou Gossett star (1971).
2.05 Jean Batten: Garbo of the Skies. Story of the dentist's daughter from New Zealand who rose to fame in the Thirties as a record-breaking pilot.
3.00 Film: Cross Creek. Mary Steenburgen and Rip Torn star (1983).
4.55 Animation Now.
5.05 Rugby Special.
6.05 Golden Girl: Liz McColgan. Following the Sports Personality of the Year as she prepares for the race of a lifetime in this year's Olympic Games.
6.35 The Money Programme. As Norman Lamont MP prepares for Tuesday's speech, can the expected vote-grabbing Budget be economically justified? Plus, a report on the Inland Revenue's claims for tax owing, which seem to have been put above the interests of small investors.
7.15 The Natural World. First of two films exploring New Guinea.
8.05 Follow the Money. Investigating company monopolies. As more businesses band together and get control of the supply and distribution of goods, what is the effect on consumers and British industry?
9.05 Trying Times. A shoe salesman confesses his unreported income to the Inland Revenue when his guilty conscience gets the better of him. Peter Scolari stars.
9.30 Did You See? Jeremy Paxman is joined by writers John Wells and Edna Healey and Mencap's Lord Rix to review The Camomile Lawn (Channel 4), 40 Minutes – Elvis in Jarrow (BBC2) and Mulberry (BBC1).
10.00 Screen Two: The Common Pursuit. A group of friends at Cambridge start work on a new magazine. But the conflict between career advancement and friendship takes its toll, with tragic consequences. Drama by Simon Gray.
11.30 Film: Lonely Hearts. Comedy about an unlikely match between a middle-aged piano tuner with a flair for theatrics and a painfully shy office worker (1981).
1.00 Def II: Rapido.
1.30 Close.

LWT

8.00 TV-am. 9.25 Disney Club. 10.20 The Littlest Hobo. 10.45 Link. 11.00 Meditations. 12.00 Visions. Nick Stuart visits the newly independent Ukraine where he interviews the head of the Russian Orthodox Church, Metropolitan Filaret, who was recently exposed as a KGB agent. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden interviews Education Secretary Kenneth Clarke and takes an inside look at Conservative election policy; The Day.
2.00 Sharp's Funday. Batman; Wrestling: Highlights.
2.55 Dinosaurs.
3.25 Film: Airport 80 - The Concorde. Fourth instalment in the disaster series in which the Concorde's flight from Washington to Moscow is threatened by saboteurs. Alain Delon stars with Robert Wagner and Sylvia Krystel (1979).
5.30 Bullseye.
6.00 Hannah Hauxwell – Innocent Abroad. The legendary Dales-woman continues her Grand Tour. She visits Salzburg and Vienna to pay homage to her hero, Johann Strauss.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Sir Harry celebrates St David's Day at Portmeirion, North Wales, in the company of Myfanwy Talog, Bryn Terfel and Helen Hessey-White. He also talks to Robin Llywelyn, grandson of Portmeirion's creator.
7.15 You've Been Framed.
7.45 Forever Green. New series. Domestic drama with an environmental theme, with John Alderton and Pauline Collins.
8.45 Maigret. The Parisian detective (Michael Gambon) receives word of a crime planned for All Souls' Day in St Fiacre - his home town.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Old Boy Network.
10.35 The Last Cigarette On the weekend before No Smoking Day, stars gather for all the facts, fun and surprises that will help viewers quit the habit; The Day.
12.10 Cue the Music.
1.15 Extreme East.
1.45 The ITV Chart Show.
2.40 Film: Dr Crippen. Donald Pleasence stars (1962).
4.25 Pick of the Week.
4.55 Out of Limits.
5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.00 D'Art. 11.30 Flipper. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: The Barber of Seville. Version of Rossini's comedy featuring Tito Gobbi as Figaro. Shown as part of the Opera on 4 season (1946).(English subtitles).
3.40 Big World Animators.
4.25 Citizen 2000. First of a three-part report focusing on Elena, the eldest daughter of a Greek Cypriot family living in Camden Town.
4.55 News.
5.00 Scottish Eye. Skiing in Scotland has increased substantially over the last decade, but concern is growing over the number of accidents which are occurring on the slopes there. Can we learn anything from the safety regulations at American ski resorts? Last in the series.
5.30 Star Chamber. Jack Straw MP fields questions both taxing and trivial.
6.00 Press Gang.
6.30 The Wonder Years.
7.00 Fragile Earth: Tides of War. Assessment of the environmental damage caused by the Gulf War. Burning oil wells have polluted the atmosphere and volunteers are struggling to save oil-covered birds. Has "the mother of all battles" waged an irreparable war on Mother Earth?
8.00 Whicker's World – Down Under. With the help of Bondi beach bather Alf Garnett, the last in the series explores the phenomenon of the Ocker – Australians proud of their Antipodean heritage who shun their roots.
8.30 Childhood. Exploring the development of children's personalities, from birth to adolescence. Are characteristic traits biologically or socially determined?
9.30 Burning Books. The Pursuit of Pleasure, written by Lionel Tiger and reviewed by Tony Benn MP. Plus, Sacred Hunger by Barry Unsworth and Heart of the World by Nik Cohn.
10.00 Film: The Battle of the Sexes. Peter Sellers stars with Constance Cummings (1960).
11.25 Film: Death Japanese Style. Award-winning social satire examining the three-day funeral ritual in modern-day Japan.
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
9.25 The Parent Trap III. 12.25 Goals Galore. 12.55 Anglia News. 2.00 The Spectacular World of Guinness Records. 2.25 Extraordinary People. 6.35 Anglia News. 10.00 Regional Weather.

BORDER:
12.30 Gardening Time. 12.55 Border News. 2.00 Extraordinary People. 3.00 Bullseye. 3.30 Above us the Waves. (1955) 5.30 Scotsport. 6.35 Border News.

CENTRAL:
9.25 The Parent Trap III. 12.30 Gardening Time. 12.55 Central News 2.00 My Secret Identity. 2.25 Extraordinary People. 3.25 Airport 80 – The Concorde. 5.00 Bullseye. 5.30 Dinosaurs. 6.35 Central News.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 My Secret Identity. 2.30 Climb to Kilimanjaro. 3.00 Dinosaurs. 6.35 Channel News.

GRAMPIAN:
9.25 The Parent Trap III. 10.45 Pick a Number. 11.15 Sunday Service. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.00 Extraordinary People. 3.00 Hard Time on Planet Earth. 4.00 Country Matters. 4.30 Bullseye. 5.00 Scotsport. 6.35 Grampian Headlines.

GRANADA:
12.25 Granada This Week. 12.55 Granada News 2.00 Hannah Hauxwell – Innocent Abroad. 2.30 Extraordinary People. 3.30 Crooks and Coronets (1969). 5.30 Coronation Street. 6.35 Granada News

HTV:
9.25 The Parent Trap III. 12.30 West Country Farming. 12.55 HTV News 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 2.50 Dinosaurs. 3.15 Extraordinary People. 4.15 The Black Rider. 5.30 Bullseye. 6.35 HTV News

HTV Wales as HTV except:
12.55 HTV News. 2.00 Captain Scott Awards '92. 3.15 Extraordinary People. 4.15 The Black Rider. (1954)

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Day Out with Dana. 12.55 Scotland Today. 2.00 Extraordinary People. 3.00 Lt Robinson Crusoe. (1966) 5.00 Scotsport. 6.35 Scotland Today.

TSW:
9.25 The Parent Trap III. 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Extraordinary People. 3.00 Superman. 6.35 TSW News.

TVS:
9.25 The Parent Trap III. 12.30 TVS News. 12.33 Agenda. 2.00 My Secret Identity. 2.25 Extraordinary People. 6.35 TVS News.

TYNE TEES:
9.25 The Parent Trap III. 12.25 The Intruders. 12.55 Regional News. 2.00 Around the World with Peter Ustinov. 2.15 Dinosaurs. 2.45 The Back Page.

ULSTER:
12.30 Gardening Time. 12.55 Ulster News 2.00 Hannah Hauxwell – Innocent Abroad. 2.30 Extraordinary People. 3.25 Airport 80 – The Concorde. (1979) 5.30 Coronation Street. 6.35 Ulster Newstime 10.00 Ulster Newstime

YORKSHIRE:
9.25 The Parent Trap III. 12.25 Goals on Sunday. 12.50 Calendar News. 2.00 The Disorderly Orderly. 5.30 Hannah Hauxwell – Innocent Abroad. 6.00 Bullseye. 6.35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Navy Lark. 1.30 The News Huddlines. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Bob Sinfield. 5.00 Cinema 2. 5.30 Singers at the Movies. 6.00 Things are Swinging. 7.00 On the Air. 7.30 The Mountbatten Festival of Music 1992. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Hoagy Carmichael. 12.35 Andrew Lane. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 BBC Welsh Symphony Orchestra.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Leonardo Trio.
2.05 Rafael Kubelik.
5.00 Jazz Record Requests.
5.45 Third Opinion in Birmingham.
6.30 Mieczyslaw Horszowski.
7.30 La Finta Giardiniera.
10.35 Helsinki Biennale.
11.35 Messe: Omaggio a Edgar Varese.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse.
4.00 Age to Age.
5.00 Costing the Earth.
5.25 Fourth Column.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 On the Ropes.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 In a Monastery Garden.
10.45 Travels with Mrs T.
11.00 Richard Baker Compares Notes.
11.30 Lip Service.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Saturday Edition.
9.00 On Your Marks.
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
5.00 Sports Report.
6.00 News.
6.08 Danny Baker at Six-0-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 The World Today. 6.30 Londres Matin. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith. 8.15 A Jolly Good Show.
9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From The Weeklies.
11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour.
2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News. 3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features.
5.00 News Summary; Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German.
8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.15 Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice.
11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.00 Play of the Week: Wild Strawberries. 2.00 Newsdesk. 2.30 Blind Justice. 3.00 News; Words of Faith.
3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 News. 4.15 Oratory. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 11.00 Wired For Sound – The Cliff Richard Story. 12.00 The Vintage Years. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Victor Silvester Orchestra. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Andrew Lane with Night Ride. 4.00 Steve Madden.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 A Land with Music.
9.15 Maurizio Pollini.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.40 Replay.
1.00 News.
1.05 Your Concert Choice.
2.30 Borodin String Quartet.
3.45 Poet of the Month.
3.55 BBC Scottish Symphony Orchestra.
5.00 Soundings.
6.00 The Road to the Kingdom.
6.45 Caroline Palmer and Alan Gravill.
7.30 Sunday Play.
9.00 Helsinki Biennale.
10.25 Capricorn.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Penelope Keith.
9.00 News
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Missions Improbable.
5.00 Down Your Way.
5.40 Lines of Communication.
5.50 Shipping Forecast.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Africa: Deadline for the Dark Continent.
7.30 Bookshelf.
8.00 The Great Monkey Trial
10.00 News.
10.15 The Road to Rocio.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.

BBC RADIO 5
6.00 World News.
6.09 News about Britain.
6.15 It Made Our World.
6.30 Meridian Reports.
7.00 Newsdesk
7.30 Sunday Edition.
9.00 Johnnie Walker.
10.30 Education Matters.
11.00 News; Learn to Earn
11.30 A Century Remembered
12.00 News and Sport.
12.05 Ring-a-Winner.
1.40 Open University.
2.00 News and Sport; And Now Read On.
2.30 They Think It's All Over.
3.00 Football Extra.
5.00 Sport Bulletin.
5.10 Bob Hatton Rattle.
6.00 The Railway Children by E.Nesbit (final part).
6.30 James and the Giant Peach.
7.00 Sports Bulletin.
7.10 Education Bulletin.
7.30 Sounds Technical.
7.50 Renaissance Music.
8.00 Binomials and Trigonometry.
9.30 Third World Development.
10.10 Across the Line.
11.25 Cricket World Cup.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; News About Britain. 6.15 Letter From America. 6.30 Londres Matin. 7.00 Newsdesk 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith 8.15 Music With Matthew 9.00 News, Business Review. 9.15 Short Story. 9.30 Folk In Britain. 9.45 Sports Roundup. 10.00 News Summary. Science in Action.
10.30 In Praise of God 11.00 Newsdesk. 11.30 Londres Midi 11.45 Mittagsmagazin 12.00 News Summary. 12.01 Play of the Week: Wild Strawberries. 1.00 Newshour. 2.00 News Summary 2.01 It's Your World With Eastern European Leaders 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English 4.30 News in German: German Features. 5.00 News and Business Review 5.15 Club 648 5.30 Londres Soir. 6.14 BBC English.
6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News 10.15 Meridian. 10.45 Sports Roundup 11.00 News; Business Review. 11.15 Music With Matthew 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary. 1.01 Classic Concerts. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer of the Month. Richard Strauss. 3.00 News

BRIDGE

WHEN the declarer contemplates taking a finesse, he must ask himself: "Can I afford it?" Here is a hand from a rubber: The Price Was Too High:

N
♠ A 9 6 2
♥ 8 7
♦ A 7 3
♣ K 10 6 4

W
♠ K Q J 7
♥ Q 9 5 2
♦ J 6 4
♣ 7 5

E
♠ 10 8 4 3
♥ 4 3
♦ Q 5
♣ Q J 9 3 2

S
♠ 5
♥ A K J 10 6
♦ K 10 9 8 2
♣ A 8

N

With both sides vulnerable, South dealt and opened the bidding with one heart. North replied with two no-trumps – the correct reply is one spade – and South's re-bid of four hearts ended the auction.

West led the king of spades. Taking with dummy's ace, the declarer returned a heart and finessed his knave. The queen won and West continued with the spade queen. This was ruffed in hand and South drew the remaining trumps. The 4-1 break was fatal and the declarer could not avoid the loss of one diamond and two spades. A poor performance.

Good technique lands the contract. After winning the first trick, South must care for the side suit, cash ace and king of diamonds, and concede a trick to West's knave. He ruffs the spade return but does not endanger his contract by finessing in trumps. He cashes the ace and king and then proceeds to run off his winners. He is quite content to lose two tricks in trumps and thus avoid the attack on his trump fortress. He has turned the tables on West by forcing him with his minor suit winners, and can cope with the spade leads without embarrassment.

South can get home by making all the trumps. He ruffs a spade at trick two and cashes ace and king of clubs plus king and ace of diamonds, ruffing two more spades on the way. One of my favourite coups.

E.P.C. Cotter

CHESS

ENGLAND was a convincing winner of an invitation team tournament at Cannes last month where players had one hour for all their moves. Scores were: England 17½/24, US 14, Netherlands 12, France 4½. Michael Adams scored 5½/6, Nunn, Chandler and Hodgson each totalled 4/6.

This is a good omen for the Manila olympics in June, since the Americans and Dutch have often been England's rivals for silver medals. But the key questions are whether the formerly invincible Soviets will resurface as the CIS or split into Russia, Ukraine, Belarus et al; and whether Kasparov and Karpov will play.

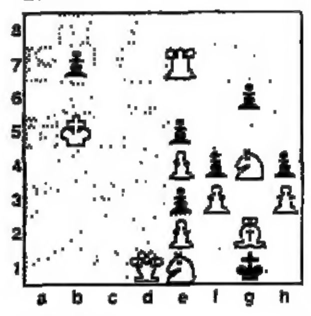
The heart of the USSR chess empire, Moscow's Central Club on Gogolevsky Boulevard, is reduced to letting out its rooms for bridge and discos, so K and K can hardly expect their usual massive appearance fees.

This game from Cannes is a classic case of a bad bishop stymied by its own pawns. Black's position is so strong that he can conduct his final attack without castling (H. Ree, White; J Hodgson, Black; English Opening; Cannes 1992).

1 c4 e5 2 g3 d6 3 Bg2 g6 4 Nc3 Bg7 5 e3 Nc6 6 Nge2. White should temporise by d3, Rb1 and b4. h5! Taking the initiative, since if 7 0-0 h4 or 7 h4 (best) Nh6-f5. White's reply soon transforms his bishop to an overgrown pawn. 7 h3? h4 8 g4 f5! 9 gxf5 Bxf5 10 d3 Nf6 11 e4 Be6 12 Be3 Nh5 13 Qd2 Nd4 14 0-0-0 c6 15 Kb1 a6 16 Bg5? A fresh mistake, exchanging his active bishop; better 16 f4. Bf6 17 Bxf6 Qxf6 18 Rdf1 Nf4 19 Nxf4 exf4 20 f3 Rh5! An attacking device to note. Many amateurs only develop rooks behind the pawn front. 21 Ne2 Nxe2 22 Qxe2 Qd4 23 Qd2 Rg5 24 Rh2 Bxc4 White allowed this, expecting to regain the pawn. . . 25 Rd1 Be6 26 Qxf4 Bxa2+! . . . but this is decisive. If 27 Kxa2 Qa4+ and Qxd1+, while if 27 Ka1 Rb5 and Bb3. 27 Resigns

CHESS No 913

BLACK



WHITE

White mates in four moves, against any defence (by F. Giegold, 1976).

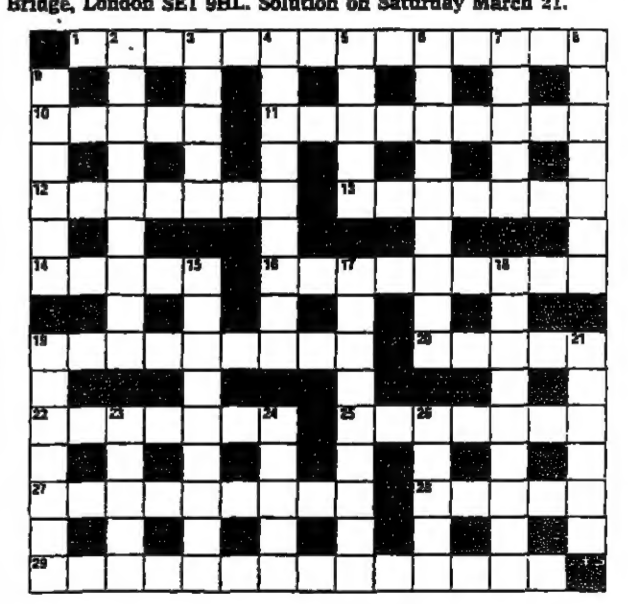
Solution Page XXI

Leonard Barden

CROSSWORD

No. 7,792 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday March 18, marked Crossword 7,792 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 21.



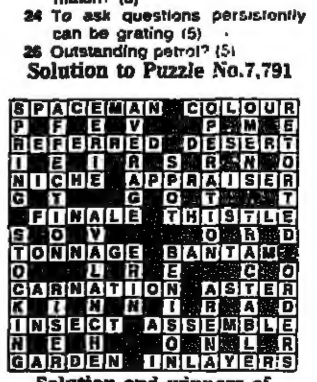
Name...

Address...

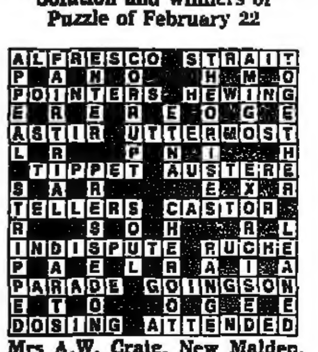
ACROSS
1 Does such art require an index? (6-8)
10 Excited when broadcasting (2,3)
11 The late shift? (9)
12 Lexicon drops a line, in a manner of speaking (7)
13 Sunday appeal for an atomiser (7)
14 Bit of a bizarre business, this puzzle (5)
16 Cruelty, I run slave all over the place (9)
19 Bluff Cliff? (9)
20 Source of vitamin B in sunny Eastbourne (5)
22 Version of RI? (7)
25 Cold south wind, east finally (7)
27 He puts up a defence, giving a game-point (9)
28 Game for pools winners? (5)
29 Explosive cry entering oil-spillage (14)

DOWN
2 Faulty car is bile-producing, making us so cross (8)
3 Maxim is awkward-sounding (5)
4 These buttercups uncurl in a new variety (9)
5 Protection for soldier in rising sea (5)
6 Rio not yet involved in scandal (9)
7 Swift satire? (5)
8 Wanton girl embraces one in play (7)
9 More adventurous, the sound of rock (6)
15 Musical marking for animations? (9)
17 A line-out to hold on endlessly, not yielding (8)
18 Material for handbag from Slough? (9)
19 Painter set out to be relevant (7)
21 Not the practice of the Circle Line! (6)
23 Concerned with a boxing-match? (5)
24 To ask questions persistently can be grating (5)
26 Outstanding petrol? (5)

Solution to Puzzle No.7,791



Solution and winners of Puzzle of February 22



Mrs A.W. Craig, New Malden, Surrey; Miss E. Atkinson, Burnley, Lancs; Mrs L. Hutt, Seaford, Sussex; S. McNamee, Walderslade, Kent; Mrs E. Morrice, Potterton, Aberdeen; P.G.L. Tozer, Yarwood Heath, Cheshire.

An old dream feels its age

Ian Botham's triumphs have made ***Dominic Lawson*** *ask if 35 really is ancient*

LIKE EVERY other schoolboy I used to daydream about playing cricket for England. I would write down batting line-ups in which the very unresonant name of Lawson would magically appear alongside those of Dexter, Cowdrey and the up and coming youngster from Yorkshire, Geoffrey Boycott.

Naturally, my pull shot was more pulverising than Dexter's, my cover drive more elegant than Cowdrey's, and my forward defensive more impenetrable than Boycott's.

Such fantasies worked because it was theoretically possible that they might come true. Who knew what the future and adulthood held? Admittedly, as the years passed by this theoretical possibility became increasingly . . . theoretical. But now I am faced with the depressing truth: at 35, it is all too late. It is possible to fantasise about what one might do in the future, but to fantasise about what one might have done in the past – this just does not work.

I had never before thought that 35 was old, but the cricketing event of the past week – the achievement of Ian Botham in England's victory over Australia – has made me realise how wrong I was. Botham, barely a few months older than I am, is, according to various and different press commentators "old", "an aldermanic uncle" and "a miracle of sporting longevity."

Even worse have been the comments of the commentators on Sky Television who squawk incredulously that "the old boy has done it again" and "it's an amazing achievement for a man of his age." Graham Gooch who is, at 38, even more ancient than either me or Ian Botham, was also cited by one commentator as "a remarkable triumph of mind over matter: 'is knees 'ave almost gone."

I suppose that the achievements of Messrs Botham and Gooch should have made me feel as though my fantasy of playing for England was not yet dead, but somehow the incredulity of the commentators at these supposed triumphs of gerontocracy have had the opposite effect.

What is particularly unbearable is that these comments come from retired Test cricketers of enormous age – the sort of people who had their first experience of a creaking knee before Ian Botham could grow hair on his upper lip.

I am not sure what the motives of these pundits are. Is it jealousy of the success of cricketers who have carried on playing international matches at an age when the commentators had already turned into shambling, pot-bellied wrecks?

Is it because Sky Sport – the television channel with exclusive rights to the cricket World Cup – believes that the bulk of its audience is so young as to regard anyone of 35 as a venerable father figure?

Perhaps it is just a journalistic desire to manufacture a story of triumph against adversity: how much more enthralling it is to believe that we are witnessing something miraculous, when in fact Botham and Gooch are far outshone, as examples of cricketing longevity, by the likes of Sir Jack Hobbs, Colin Cowdrey and Gubby Allen.

I can envisage the next step to be taken by Sky Sport and the new school of cricket impresarios. They will create a veterans' tournament open to players over 30, exclusive coverage of which will fill the few hours not already occupied by veterans' tennis and veterans' golf.

In these tournaments a boundary will be greeted with a howl of disbelief, while any 40-year-old bowler who manages to knock a stump out of the ground will be hailed as a marvel of modern health care techniques. His diet will be serialised, along with his exercise regime, in the better Sunday colour supplements. In the less good ones his wife will give interviews about how she keeps her man young.

The effect of moving all the 30-something crocks into the veterans' league will, of course, be to allow the ageing commentators to opine that a certain Test cricketer in his late 20s is "past his best" or to marvel that another is "still able to turn his arm over at the age of 29."

Meanwhile, my own daydream has changed: I shall now fantasise about being a cricket commentator. That seems to be a profession without redundancy or obsolescence.

■ *Dominic Lawson is editor of the Spectator.*

'Time' for a tiger

Michael Thompson-Noel

"Luciano Pavarotti has banned strong-smelling flowers from his hotel suite for fear of inflaming his tonsils before his concert at the Scottish exhibition centre in Glasgow." News item.

I WASN'T surprised to read that snippet, aware, as I am, that each day we breathe about 23,040 times and inhale and exhale something like 438 cubic feet of air. As my good friend Diane Ackerman has written, in *A Natural History of the Senses:* "Etymologically speaking, a breath is not neutral or bland – it's *cooked air;* we live in a constant simmering. There is a furnace in our cells, and when we breathe we pass the world through our bodies, brew it lightly, and turn it loose again, gently altered for having known us."

Which is why a pasta-basher of Luciano's luminosity has to be extremely careful of what he breathes – or, indeed, touches, tastes, hears and sees.

I think I read somewhere that if Pavarotti looks out of a hotel window and sees something that displeases him – a Tesco superstore, or Lord King on a motorbike, or a herd of brown cows, or Virginia Bottomley in her Wellingtons picking pears up a ladder – then there isn't a hotel manager anywhere who is not prepared, right there and then, to rush outside his hotel and smite into oblivion, expunge from view, render invisible, the object or person that is distressing Luciano.

Even if I didn't read it, or misconstrued what I read, I am sure it must be true, given the awe and reverence in which Luciano is held.

HAWKS & HANDSAWS

Which set me thinking – if I had Pavarotti's power, which person or object would I want expunged from view, rendered invisible, so that I could set about my tasks, or enjoy a bit of lifestyle, free of distraction and irritation?

A politician? Perhaps poor John Major, or poor Neil Kinnock? Droopy Chris Patten? Doomed Norman Lamont? Chest-thumping Michael Heseltine? Lugubrious John Smith? Pouty Diane Abbott? Virile Paddy Ashdown?

Not a bit of it. So far as politicians go, I am in upmode at present. I have decided I like them. The realisation that I like politicians dawned on me two weeks ago in my hotel suite in Los Angeles.

I had finished a day of meetings and was sitting on my sofa, looking at my flowers – and wondering if there was anything in my suite, or outside the window, down by the swimming pool, maybe in the parking lot, worth ringing the manager about and demanding he remove. There was nothing. So I turned on the TV and was able to see at once that George Bush was in trouble.

He was in trouble because the network anchorman, sitting in his studio, *said* he was in trouble. The fact is that US anchormen, indeed most of the US media, are so spectacularly thick that it has taken them *four years* to see that George is in trouble, whereas someone like me, if there is, in fact, anyone, could see years and years ago that George was in trouble.

But I like George a lot. He is droll and jokey and beautifully relaxed. In any case, the real reason I am in upmode about politicians is that I have realised, just lately, that they can only be blamed for a fraction of the things for which they *are* blamed. Journalists like to blame politicians for almost everything; to claim that the world is in such great trouble because politics attracts the corrupt, the dim and the – invariably – untalented.

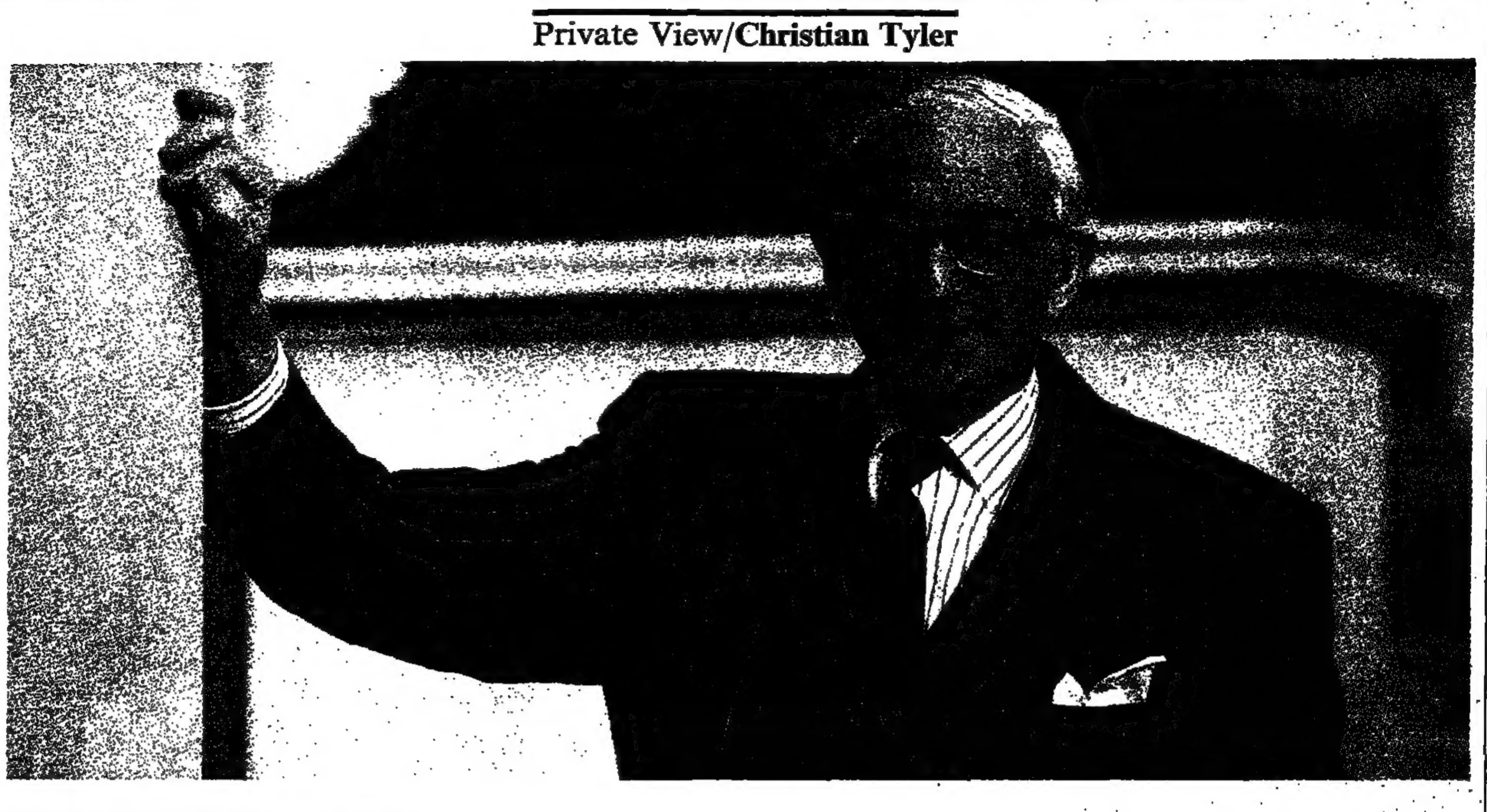
I now think this a fallacy. If it was easy to run democracies, there would be textbooks and formulas telling us how to do it. But there aren't, because it isn't. And it is getting harder all the time – more people, less money, bigger and bigger problems. I do not believe that poverty *can* be eradicated. Or that people will stop hitting one another. Or wars suddenly cease. Not for 10,000 years.

At some point in the future perhaps all of us will be happy and live in clean cities without fear of mugging or bombs in stations or muck in the water or having to wonder why Britain needs a submarine fleet, let alone a nuclear one. But not right now we won't; which is why I am feeling kindly towards politicians.

So who would I banish from view if I was as powerful as Pavarotti? The answer – you've guessed it – is that well-known novelist, composer, script-writer, critic, lexicologist, lecturer in speech and drama, education specialist, historian, geographer, rocket scientist, astronomer, wit, pundit, commentator, Olympic silver medallist, multiple world record holder, architect, town planner, gourmand, gourmet, vintner's assistant, raconteur, after-dinner speaker, Magic Circle president, patron saint of club-class and certain Nobel prizewinner – yes, the utterly unavoidable and omniscient Anthony Burgess.

I wish *he* would shut up. He is getting on my tonsils.

Private View/**Christian Tyler**



Arthur Gold, chairman of the British Olympic Association

A veteran keeper of the Olympic flame

Arthur Gold discusses the British sense of fair play and the Hellenic view of sport

EURIPIDES was scornful. What use to his city, he asked, is a man who wins prizes for wrestling, running, throwing the discus or smiting jaws?

The old tragedian's cynicism was premature, perhaps. But the spirit of the Olympic Games was indeed eventually undermined by bribery, professionalism and politics.

The nadir came when the Emperor Nero won a gold medal in the AD 67 chariot race in spite of being the sole contestant and failing to finish. After an unbroken run of nearly 1,200 years (some say even longer) the Games were abolished in the year 393.

Yet the spirit lingered on, especially in philhellene England: the Cotswold Olympics were staged in 1636 and the Much Wenlock Olympic Society was formed in 1850. And when Baron de Coubertin resurrected the Games in 1896 one of the first gold medallists was a young British scholar, George Robertson, who happened to be on holiday in Athens and submitted a Pindaric ode.

Those were the days.

What would Euripides have said if he had been at this year's winter Olympics in Albertville and seen men in luminous zoot-suits and Darth Vader helmets hurtle down near-vertical ski slopes at 130 mph? What verdict would he pass on the summer Games coming up in Barcelona?

One man who has tried to shield the pure Olympic flame from polluting airs is Sir Arthur Gold: high jumper, team leader at Mexico, Munich and Montreal, doyen of British athletics' officials and, at 75, still chairman of the British Olympic Association.

I asked him to define the Olympic spirit – or "ethos" as he prefers to call it.

"Oh, dear. You may as well ask Dr Johnson how he arrived at the meaning of words in his dictionary!

"I tend to use 'ethos' because it's a nebulous word. Sport is a cross between politics and religion. You can't define sport as such. And the Olympic ethos means doing something not necessarily for profit or for position but for the satisfaction of knowing that on that particular day you were the best.

"It's an awfully trite thing to say, but the victory itself is a bonus on top of doing something that you enjoy – or should enjoy."

Sir Arthur clearly enjoyed his own athletics. In the real world, he runs the family garage business, a repair shop and Renault franchise in north London. (His grandfather was a hansom cab proprietor). But once established as an international high jumper, though he missed Hitler's 1936 Olympics by a whisker, he went on competing until the age of 43.

Adopting the Eastern Cut-off (this was before things like the Fosbury Flop were allowed, giving jumpers another foot) he achieved a best of 6ft 3in, and is proud of the fact that for 28 consecutive seasons he never vaulted less than 5ft 8in.

I reminded him of the fate of the ancient Games and asked whether the modern Olympiad was heading in the same direction.

"Sadly, we've got human nature at work. The original games lasted for more than a thousand years; things happen much more rapidly these days. I would have to be a great optimist to think ours would survive the intrusions of commerce and politics for the next thousand years. I doubt it.

"There is a very real danger for the Games now. Particularly since 1984, the International Olympic Committee has been conscious of the vast sums to be made from sponsors and television. In the pursuit of television coverage they may make some unwise decisions."

By this he meant the temptation to promote sports popular on television – tennis, soccer, even baseball – at the expense of traditional athletics. But these sports all have their own world championships, and the Olympics would be second-best.

"You could find the IOC, accustomed to living in champagne style, reduced to a ginger beer pocket."

What, I said, do you think of events like ice dancing where it's a matter of subjective judgment?

"Subjective sport is always a difficult issue: diving, skating, even boxing without a knockout is subjective. It certainly calls for skill to skate, it calls for skill to dance on skates.

"Oliver Cutts, who was involved in ballroom dancing, used to ask me: 'Why can't ballroom dancing be an Olympic sport?' I would waffle away and say it's not really a sport. Then he would say: 'What about ice dancing? The only difference is the skill required to stay on skates.'"

Remembering the bad press suffered by the recent winter Olympics, I asked Sir Arthur whether the winter games were degenerate.

"Degenerate is not a word I would accept. But I think there's a real difference." He described how limited was people's access to winter sports, in spite of the appearance at Albertville of bobsleigh teams from the Caribbean.

"Now take the 100 metres. Every child at the age of eight, if not sick or infirm, has run a race even if only at a Sunday school. So sprinters are the best of a nation. How do you relate a gold medal for the 100 metres with a gold medal in the bobsleigh where number two and three run like mad for 30 yards, jump in, keep their heads down and pray for the next minute . . . and win a gold medal?"

Ideally, then, Olympic sports should be universal. But Sir Arthur goes even further.

"The very nub is not the competition itself but the Olympic village. For two or three weeks the cream of the world's youth share, metaphorically at least, one roof. They learn how much they have in common. They share the hopes, the fears. The US competitors and the Soviet Union competitors find their rivals don't have horns or tails."

You have been called a conservative, I said. Are you part of a dwindling minority at the top of the Olympic movement?

Sir Arthur protested. "I don't consider myself conservative. I prefer 'traditionalist'. I don't subscribe to the idea that all change is necessarily for the better.

"If you ask me whether sport is to be run for the benefit of the competitors or the benefit of those who batten on to the competitors and make fortunes as a result, I would say sport is for those who participate."

Sir Arthur is gold dust for sports writers because he usually comes up with the good quote. Especially on the subject of drugs.

"It is long-term, calculated cheating," he said. "Fundamentally, sport is about health and honesty and drugs are the very negation of it."

When he protested about athletes taking body-building drugs, at the 1968 Mexico Games, he was "laughed out of court", he says.

Is your view prevailing?

"Well, I'm an optimist. Whenever I look up and see how far we have to go I look back and see how far we've come. The first battle is always for the hearts and minds of men. Now very few people if any are prepared to defend drug abuse in public. Much of the drug abuse has been eradicated.

"Remember, our task is not to detect those who do cheat, but to protect the majority who don't cheat. If in sport you are going to allow the cheats to prosper – we all as kids learn that cheats never prosper – when you see a Ben Johnson (100m gold medallist in Seoul) offered $30,000 appearance money as world record holder but $1m for an appearance as a convicted cheat, there is a stench about it, something that stinks."

He agreed that for drug abuse to continue undetected required the connivance not only of coaches but of officialdom. He had been told by a top pharmacologist that his worst enemies were chemists in his own university who were trying to develop undetectable drugs. ("This was not in the UK, I hasten to add!")

This week, Boris Becker, the former Wimbledon tennis champion, was reported as saying he would not support Berlin's bid to host the Games in the year 2000. Having been abused by neo-Nazis for going out with a coloured woman, he was afraid that success for Germany in those Games would excite the racists once more.

Sir Arthur agreed that in recent years countries had tried to use the Games as an advertisement for the superiority of their system – capitalist or communist.

But not all nationalism was inflammatory. "I think there is pride in the performance of one's own countrymen. I don't look upon that as a bad aspect of nationalism.

"In a sporting sense that can be negative. But if it's an alternative to making war, it's positive. We live in a very imperfect world. We may all seek perfection, but we're never going to achieve it. We're human, we're fallible and if sport can minimise a few of those failings, it's better than nothing, isn't it?

"There's this awful English phrase 'fair play'. But we know what it means and I think it is the very nub of the Olympic Games."

Heaven and Hell

Passion, argument and perpetual change

Charles Leadbeater *muses on Marx and the true meaning of a socialist idyll*

MARXISM'S most alluring innovation has become its most glaring weakness. It offered to deliver Heaven on earth; to create a world of harmony from a world of conflict and imperfections; to realise in real, material life the aspirations that previously were invested in some offshore spiritual world. All of society, not just well-behaved individuals, could make it into the socialist Heaven.

The drawback became obvious. The main attraction of this Heaven was that it could be made on this earth. That meant progress towards it could be measured much more accurately than an individual's inner, moral progress towards the spiritual Heaven offered by religion.

This religious Heaven is always around the next corner. The socialist Heaven is meant to arrive in the measurable here and now. The masses of eastern Europe have seen the evidence and they have given up waiting.

Yet, the drawback to the traditional socialist vision of Heaven is not just that it takes an awfully long time and great human sacrifice to create. The idea is flawed fatally.

Central to the socialist Heaven is the abolition of choice. There will be abundance because socialism will have unleashed the creative and productive potential which was kept locked-up by the inequities of capitalism. Abundance will allow people to have what they want, without foregoing anything else. They will not have to choose between mutually exclusive alternatives.

As a result there is no conflict. Abundance allows all preferences to be reconciled. Altruism becomes possible because people no longer feel threatened by the fear that, unless they hold on to what they have got, someone will take it away from them. There is no need for a state to impose laws because the citizens of socialist Heaven have no incentive to break any law, or infringe anyone else's rights. Everyone gets along with everyone else.

People become transformed. Where once they were cynical, grasping, selfish, vain, cruel and ignorant, they will become noble, kind, gentle, altruistic, considerate and educated. They live in a pastoral world, rather like a Lake District valley, where all the material riches of industrialisation co-exist miraculously with the clean air and sparkling streams of a land in which men and women can roam free to commune with their creative spirits.

The flaws in this vision are only partly that socialist economic planning has delivered shortages and pollution rather than environmentally friendly abundance. The first problem is the idea of abundance itself.

This socialist idyll is just one version of a productivist visions of Heaven thrown-up by industrialisation – visions of a society of untrammelled wealth created by unleashing the huge productive power of modern technology to exploit natural resources and manufacture them into usable products. This ideal of unending abundance meeting ever expanding human appetites is no longer tenable.

A modern version of Heaven will have to be informed environmentally. It will be based upon people living in balance with nature by restraining their appetites, in deference to the demands of the environment. The old socialist vision of Heaven was based upon man conquering nature. New progressive visions will have to be based upon a more responsible and accommodating approach to man's place within nature.

That does not mean a modern Heaven would revert to medieval craft production. The old socialist vision was of a Heaven full of manufactured products, physical, tangible, material things made of steel and glass. New progressive visions will be influenced by the growth of micro-electronics, which is re-drawing the line between the material and the non-material world more effectively than either religion or Marxism.

Soon, we will be able to pass from the ordinary, hum-drum world and step into a non-physical world of flickering electronic images. Already, many children spend much of their days glued to computer games and videos while their parents sit at computer screens in their offices. Future machines will transport us into worlds – Wild West towns, forests, swimming under the sea – which appear to be real but actually are generated electronically.

For the generation of children which is just starting school, Heaven might be a room full of Nintendo games, walls of screens, banks of computer terminals and karaoke machines. Forget the pastoral idyll of the Lake District: give them neon lights, a cacophony of sound and a stream of loosely-connected images.

The socialist view of Heavenly society is flawed more fundamentally. It would not merely be technically and morally difficult to create a society of abundance and altruism. There is a deeper problem: it would not be a society at all.

The old vision of Heaven is a society at rest. After a long march, the collective reaches a point where conflict and argument fade away. It finally can settle down. It has found truth and moral certitude. This harmonious, Heavenly society has overcome all the tensions that bedevil everyday earthly societies.

The trouble is that these tensions are not an unwelcome by-product of society – they are at its very heart. They are produced by the diversity of values and differences of view among individuals which give society its energy. Diversity and

difference, tension and argument are the lifeblood of society, not an unwanted social pollutant.

The best societies are dynamic because they are rich in diversity and innovation. They are open and pluralistic and they encourage experimentation and imagination.

For too long, we have laboured with an ideal that the zenith of human activity is to be in a state of complete rest. This appeals deeply but is quite wrong. For me, Heaven is a society which is as active and fluid as possible. Heaven is a world of great passion, multi-lingual argument, expanding knowledge, momentous discoveries, perpetual change and unending motion.

The drawback is that it would be utterly exhausting.